

**Item 1 - Cover Page**

Cambridge Investment Research Advisors, Inc.  
1776 Pleasant Plain Road  
Fairfield, IA 52556  
800-777-6080  
[www.cir2.com](http://www.cir2.com)

Date of Brochure: September 2019

---

This brochure provides information about the qualifications and business practices of Cambridge Investment Research Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 800-777-6080. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Cambridge Investment Research Advisors, Inc. is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information about Cambridge Investment Research Advisors, Inc. on this website by searching for Cambridge Investment Research Advisors, Inc. You may search for information by using our name or by CRD number. The CRD number for Cambridge Investment Research Advisors, Inc. is 134139.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published ‘Amendments to Form ADV’ which amends the disclosure document that we provide to clients as required by SEC rules. The amendment requires Cambridge Investment Research Advisors, Inc. (CIRA) to provide a summary of material changes to you, our client, within 120 days of our year end, which is December 31st. This document includes a summary of the material changes that were made to CIRA’s ADV 2A – Firm Brochure since the last annual filing. You may obtain a copy of our most current Disclosure Brochure at any time by contacting us at 800-777-6080 or by downloading it from our firm’s website at [www.cir2.com](http://www.cir2.com).

## Item 5 – Fees and Compensation

### *Cambridge Investment Management Program*

Additional clarification added to explain that CIRA Advisor Representatives have the availability to use mutual funds that offer various share classes, including those within the same mutual fund. This section was also updated to reflect a new policy of crediting 12b-1 fees earned to all managed accounts.

Clients can choose to participate in NFS’ Goldman Sachs Private Bank Select Program which allows a client to access credit in the form of a non-purpose loan. Cambridge receives revenue for a client’s participation in this program.

Additional information provided to explain the conflicts of interests in using NFS’ and Pershing no transaction fee mutual funds, Pershing’s Loan Advance program and NFS’ Goldman Sachs Private Bank Select Program, because of the increase compensation to Cambridge.

### *Investment Management through Institutional IRA*

Additional clarification added to explain that CIRA Advisor Representatives have the availability to use mutual funds that offer various share classes, including those within the same mutual fund.

Cambridge participates in Charles Schwab and Company, Inc’s NTF program which offers no-load mutual funds with no transaction fees. Cambridge receives revenue for assets in this program, which is a conflict of interest because of the increased compensation to Cambridge.

### *WealthPort® Wrap*

The name of the branch-directed Program has been changed to team-directed.

### *Recommendation of Unaffiliated Third Party Investment Advisers*

CIRA applies an administration fee to third party investment advisors utilized by CIRA Advisor Representatives. This section explains that some third party investment advisors pay this fee on your behalf and that the additional compensation paid to CIRA presents a conflict of interest. Some third party investment advisors will charge the fee to you. You can refer to the disclosure material and agreements executed with the third party investment advisor for information on the fees assessed by them, or contact your CIRA Advisor Representative.

## Item 9 – Disciplinary Information

In 2018, CIRA self-reported a potential breach of fiduciary duty relating to mutual fund shares held by clients where lower cost share classes of the same fund were available. As a result of the self-reporting by CIRA the SEC determined that CIRA had inadequate disclosures addressing the conflicts of interest related to the receipt of 12b-1 fees and the selection of mutual fund share classes that pay such fees. Therefore, without admitting or denying these allegations, CIRA has agreed to a censure, a monetary payment plus interest to affected investors and has corrected relevant disclosure documents

concerning mutual fund share class selection and the conflicts of interest with the receipt of 12b-1 fees. Additional information can be found by visiting the SEC's Investment Advisor Public Disclosure site found [here](http://www.advisorinfo.sec.gov/IAPD/Default.aspx) (<http://www.advisorinfo.sec.gov/IAPD/Default.aspx>) and completing the requested information.

#### **Item 12 – Brokerage Practices**

##### *Accounts Established through Cambridge – Cash Sweep Options*

This new section explains the different cash sweep options available for NFS and Pershing accounts, including the new FDIC insured option, as well as the benefits to you and to Cambridge, which presents a conflict of interest in using the sweep options.

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

##### *Other Compensation*

This section was updated to reflect a new policy of crediting 12b-1 fees earned to all managed accounts.

In the WealthPort® CAAP®<sup>1</sup> program, Cambridge imposes an administration fee to strategists for performing certain activities, which can be waived or reduced and does not affect the overall fee to you.

Cambridge participates in a new program where CIRA Advisor Representatives can refer clients to StoneCastle Cash Management, LLC into the FICA Program, a deposit bank account program. Deposits will have either Federal Deposit Insurance Corporation ("FDIC") or National Credit Union Administration ("NCUA") insurance up to prescribed amounts. Cambridge receives a payment based on the amount on deposit, which presents a conflict of interest.

##### *Loans and other compensation to CIRA Advisor Representatives*

Information added regarding transition assistance that some CIRA Advisor Representatives receive which can include technology services, administrative support, reimbursement of fees and attendance to conferences. This presents a conflict of interest because of the incentive to affiliate with and recommend Cambridge to clients.

### Item 3- Table of Contents

## Table of Contents

Item 1 - Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3- Table of Contents .....	4
Item 4 – Advisory Business.....	8
Introduction .....	8
General Description of Primary Advisory Services .....	8
Financial Planning and Consulting.....	8
Financial Wellness .....	8
Investment Management.....	9
Use of Third Party Investment Advisers.....	9
Specialization.....	9
Limits Advice to Certain Types of Investments.....	9
Retirement Plan Advisory and Consulting Services .....	9
➤ Description of Non-Discretionary Investment Advisory Services .....	9
▪ Recommendations to allocate and rebalance model asset allocation portfolios: .....	10
▪ Recommendations to select and monitor investment managers: .....	10
▪ Assistance with Plan Fiduciaries’ governance and committee review, including:.....	10
▪ Assistance with Plan Fiduciaries’ vendor management (service provider selection/review), including: .....	10
▪ Investment Education for Plan Fiduciaries Concerning: .....	11
Tailor Advisory Services to Individual Needs of Clients.....	12
Wrap Fee Program versus Portfolio Management Program .....	12

Client Assets Managed by CIRA.....	12
Business Continuity Plan .....	12
Item 5 – Fees and Compensation .....	12
Financial Planning Services .....	13
Investment Consulting Services .....	14
Financial Wellness .....	15
Investment Management Services .....	15
Cambridge Investment Management Program .....	16
Investment Management through Institutional RIA.....	19
WealthPort Wrap (“WealthPort”).....	21
▪ Advisor-Directed Wrap Program.....	21
▪ Team -Directed Wrap Program.....	21
▪ CAAP® (Cambridge Asset Allocation Platform) .....	21
CIRA Retirement Plan Strategies Management Platform.....	22
Retirement Plan Advisory and Consulting Services .....	22
• Security Financial Resources, Inc. ....	23
• Tax Exempt Marketplace Program .....	23
Annuities .....	25
Recommendation of Unaffiliated Third Party Investment Advisers .....	25
General Disclosure Regarding ERISA and Qualified Accounts.....	27
General Disclosure for No-Load Programs.....	28
Termination.....	28
Item 6 – Performance-Based Fees and Side-By-Side Management .....	28
Item 7 – Types of Clients.....	28
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	29
Methods of Analysis in Formulating Investment Advice.....	29

Investment Strategies used when Managing Client Assets and/or Providing Investment Advice .....	30
Risk of Loss .....	31
Item 9 – Disciplinary Information.....	32
Item 10 – Other Financial Industry Activities and Affiliations .....	32
Other Financial Industry Activities or Affiliations.....	32
Affiliation with Cambridge Investment Research, Inc.....	32
Affiliation with TBS Agency, Inc. ....	33
CIRA Advisor Representatives Affiliated with Independent Investment Adviser Firms .....	33
CIRA Advisor Representatives Other Business Activities - Accountants .....	33
CIRA Advisor Representatives Other Business Activities - Attorneys .....	33
CIRA Advisor Representatives Other Business Activities – Pension Consultants .....	33
CIRA Advisor Representatives Other Business Activities – Real Estate and Mortgage .....	34
CIRA Advisor Representatives Other Business Activities – Insurance Agencies.....	34
CIRA Advisor Representatives Other Business Activities – Banking or Thrift Institutions .....	34
Arrangements with Unaffiliated Investment Advisers.....	34
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	35
Code of Ethics Summary and Offer.....	35
Personnel Trading Policy.....	35
Agency Cross Transactions .....	36
Principal Transactions .....	37
Item 12 – Brokerage Practices .....	37
Accounts Established through Cambridge .....	37
Accounts Established through Institutional RIA Account Platforms .....	39
Accounts Established through WealthPort .....	40
Best Execution.....	40
Trade Aggregation .....	41

---

Handling of Trade Errors.....	41
Item 13 – Review of Accounts .....	41
Client Reports and Statements .....	42
Item 14 – Client Referrals and Other Compensation .....	42
Other Compensation.....	42
Loans and other compensation to CIRA Advisor Representatives.....	43
Compensation Paid for Client Referrals .....	43
Solicitors – Referring Parties .....	43
Referral Arrangements with Representatives of Unaffiliated Broker-Dealers.....	44
Marketing Arrangements with Financial Institutions .....	44
Item 15 – Custody .....	44
Item 16 – Investment Discretion.....	45
Item 17 – Voting Client Securities .....	46
Item 18 – Financial Information .....	46

## Item 4 – Advisory Business

Cambridge Investment Research Advisors, Inc. (also referred to as “CIRA”, us, we, our and “Adviser” throughout this Disclosure Brochure) is a corporation formed under the laws of the State of Iowa. CIRA is approved to conduct business in all fifty states and has office locations in the majority of states. CIRA is majority owned and controlled by Cambridge Investment Group, Inc., which in turn is majority owned by the Schwartz Family Trust.

### **Introduction**

Individuals licensed or approved as CIRA Advisor Representatives with CIRA will provide its investment advisory services. These individuals are appropriately licensed when required, qualified, and authorized to provide advisory services on behalf of CIRA. Such individuals are referred to as CIRA Advisor Representatives throughout this document. Some CIRA Advisor Representatives are also licensed as Registered Representatives of CIRA’s affiliated broker-dealer, Cambridge Investment Research, Inc. We will refer to our affiliated broker-dealer as Cambridge throughout this Disclosure Brochure. Cambridge is a registered broker-dealer, member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”).

CIRA has been registered as an Investment Adviser since February 2005. Prior to that date, Cambridge was dually registered as a broker-dealer and Investment Adviser. At that time our advisory services were conducted under Cambridge in its former capacity as an Investment Adviser. Cambridge was registered as an Investment Adviser from March 1996 through March 2005. CIRA is a fiduciary for the purposes of the Investment Advisor Act of 1940.

CIRA Advisor Representatives are not employees of CIRA or Cambridge. They are independent contractors of CIRA.

CIRA Advisor Representatives are restricted to providing services and charging fees in accordance with the descriptions detailed in this document. However, the exact services you will receive and the fees you will be charged are dependent upon your CIRA Advisor Representative. Fees can also vary depending on the geographic location of our clients and/or CIRA Advisor Representatives. CIRA Advisor Representatives are instructed to consider the individual needs of each client when recommending an advisory platform.

CIRA Advisor Representatives and CIRA branch offices may use marketing names or other names that are held out to the public. Such names are known as “doing business as” names. The purpose of using a name other than CIRA or Cambridge is for the CIRA Advisor Representative to create a brand that is specific to the CIRA Advisor Representative and/or branch, but separate from CIRA and Cambridge. While CIRA allows its CIRA Advisor Representatives to use a name other than CIRA or Cambridge, the CIRA Advisor Representative must disclose on advertising and client correspondence that securities are offered through Cambridge and advisory services are offered through CIRA.

### **General Description of Primary Advisory Services**

The following are brief descriptions of the primary services that CIRA Advisor Representatives are able to provide. A detailed description of each service available through CIRA is provided in the corresponding sections of this brochure so that you can review the services and description of fees in a side-by-side manner.

### **Financial Planning and Consulting**

Our CIRA Advisor Representatives may provide advisory services in the form of financial planning or consulting services. Financial planning and/or consulting services do not involve the active management of client accounts. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

Consulting services include consulting clients in the management of their money, investment options and asset reallocation. Consulting services can be narrow in scope and not take into consideration all areas of a client’s financial situation.

### **Financial Wellness**

Firms can contract with a CIRA Advisor Representative to provide financial wellness and services to its employees through Financial Wellness Consulting. When working with the firm’s employees, CIRA Advisor Representatives provide various services such as assistance and education regarding budgeting and goal setting, financial wellness education presentations and personal financial wellness assessments to employees. The exact services provided are pre-determined by the employer and further documented



and agreed to in the appropriate CIRA agreement.

### ***Investment Management***

CIRA Advisor Representatives can provide advisory services in the form of investment management services. Investment management services involve providing clients with continuous and ongoing supervision over client accounts. This means that CIRA Advisor Representatives continuously monitor a client's account and make trades in client accounts when necessary.

### ***Use of Third Party Investment Advisers***

CIRA Advisor Representatives can provide advisory services by referring clients to outside, or unaffiliated, investment advisers that are registered or exempt from registration as investment advisers. The responsibility for activities in this type of account varies based on the CIRA agreement with the Third Party Investment Adviser.

### ***Specialization***

Investment strategies and philosophies differ among CIRA Advisor Representatives who are responsible for determining and implementing their own investment advice under the supervision and compliance controls of CIRA and Cambridge.

While CIRA does not consider itself as specializing in any one form of advisory service, individual CIRA Advisor Representatives can focus or specialize on certain types of advisory services over other types. The following are some of the general areas upon which our CIRA Advisor Representatives can focus. Further descriptions are outlined in Item 5 – Fees and Compensation

Financial Planning

Investment Management

Investment Consulting Services

Recommendations of Third Party Investment Advisers

### ***Limits Advice to Certain Types of Investments***

With some exceptions, CIRA Advisor Representatives are available to offer advice on most types of investments owned by a client and, at the specific request of a client, will explore investment options not currently owned by a client. However, CIRA Advisor Representatives are not permitted to provide advice on futures or commodity contracts. We also require that Third Party Managers used by CIRA Advisor Representatives be approved by both Cambridge and CIRA. If a CIRA Advisor Representative is dually registered as a registered representative with CIRA the CIRA Advisor Representative will be restricted to providing advice based on proper FINRA licensing. For example, if a CIRA Advisor Representative does not hold a Series 7 license with Cambridge and holds only the Series 6 license, the CIRA Advisor Representative will be restricted to providing advice on only investment company products, such as mutual funds and variable annuity contracts.

### ***Retirement Plan Advisory and Consulting Services***

CIRA provides investment advisory services to retirement plans, which consists of services offered through Cambridge Investment Management Platform, Investment Management through Institutional RIAs or through appropriate general consulting services. The CIRA Advisor Representative and Plan Sponsor will outline the services provided through the CIRA Retirement Agreement. The services provided, among others that are outlined specifically in the agreement entered into with a client are summarized below.

#### **➤ Description of Non-Discretionary Investment Advisory Services**

The following non-discretionary investment advisory services are provided by CIRA acting as a fiduciary within the meaning of section 3(21) (B) (ii) of ERISA, if the Plan is subject to ERISA.

- ***Recommendations to establish or revise the plan's Investment Policy Statement ("IPS"):*** CIRA Advisor Representative will review with the Plan Fiduciary the investment objectives, risk tolerance and goals of the Plan. If the Plan does not have an IPS, the CIRA Advisor Representative will recommend investment policies to assist the Plan Fiduciary to establish an appropriate IPS. If the Plan has an existing IPS, CIRA Advisor Representative will review it for consistency with the Plan's objectives. If the IPS does not represent the objectives of the Plan, CIRA Advisor Representative will recommend to the Plan Fiduciary revisions that will establish investment policies that are congruent with the Plan's objectives.
- ***Recommendations to select and monitor the Designated Investment Alternatives ("DIAs"):*** Based on the Plan's IPS or other guidelines established by the Plan, CIRA Advisor Representative will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary to select the DIA to be offered to Plan

participants. Once the Plan Fiduciary selects the DIAs, CIRA Advisor Representative will, on a periodic basis and/or upon reasonable request, provide reports, information and recommendations to assist the Plan Fiduciary to monitor the investments. If the IPS criteria require an investment to be removed, CIRA Advisor Representative will provide information, analysis and recommendations to the Plan Fiduciary to help evaluate replacing investment alternatives.

- ***Recommendations to select and monitor qualified default investment alternatives (“QDIAs”):*** Based on the Plan’s IPS or other guidelines established by the Plan, CIRA Advisor Representative will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary to select the Plan’s QDIAs for Plan participants that fail to direct the investment of their accounts. Once the Plan Fiduciary selects the QDIAs, CIRA Advisor Representative will provide reports, information and recommendations, on a quarterly or upon reasonably requested basis, to assist the Plan Fiduciary to monitor the investments. If the IPS criteria require an investment to be removed, CIRA Advisor Representative will provide information and analysis to assist the Plan Fiduciary to evaluate replacement investment alternatives.
- ***Recommendations to allocate and rebalance model asset allocation portfolios:*** Based on the Plan’s IPS or other investment guidelines established by the Plan, the CIRA Advisor Representative will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary to create and maintain Model Portfolios. Once the Plan Fiduciary approves the Model Portfolios, the CIRA Advisor Representative will provide reports, information and recommendations, on a periodic basis, designed to assist the Plan Fiduciary to monitor the Plan’s investments. If the IPS criteria require an investment to be removed, the CIRA Advisor Representative will provide information and analysis to assist the Plan Fiduciary to evaluate replacement investment alternatives to be included in the Model Portfolios. Upon reasonable request the CIRA Advisor Representative will make recommendations to the Plan Fiduciary to rebalance the Model Portfolios to maintain their desired allocations.
- ***Recommendations to select and monitor investment managers:*** Based on the Plan’s IPS or other guidelines established by the Plan, CIRA Advisor Representative will review the potential investment managers available to the Plan and will make recommendations to assist the Plan Fiduciary to select one or more investment managers. Once the Plan Fiduciary approves the investment manager, the CIRA Advisor Representative will provide, on a periodic basis, reports, information and recommendations to assist the Plan Fiduciary to monitor the Plan’s investment managers. If the IPS criteria require an investment manager to be removed, the CIRA Advisor Representative will provide information and analysis to assist the Plan Fiduciary to evaluate replacement investment managers.

➤ **Description of Plan Non-Fiduciary Services** - The following investment education services are provided by CIRA acting in a non-fiduciary capacity:

- ***Assistance with Plan Fiduciaries’ governance and committee review, including:***
  - Determining plan objectives and plan design options
  - Reviewing Retirement Plan Committee structure and requirements
  - Reviewing participant education and communication strategy, Including ERISA 404(c) requirements
  - Coordinating and reconciling participant disclosures under ERISA Rule 404(a)(5) and developing requirements for responding to participant requests for additional information
  - Developing and maintaining a fiduciary audit file
  - Attending periodic meetings with Plan Fiduciary (upon request by Plan Fiduciary)
- ***Assistance with Plan Fiduciaries’ vendor management (service provider selection/review), including:***
  - Reviewing fees and services and identifying procedures to track the receipt and evaluation of ERISA 408(b)(2) disclosures
  - Providing periodic benchmarking of fees and services to assist review for reasonableness
  - Reviewing ERISA spending accounts or Plan Expense Recapture Accounts (PERAs)
  - Generating and evaluating service provider Requests for Proposals (RFPs) and/or Requests for Information (RFIs)
  - Support with contract negotiations Note: CIRA Advisor Representatives do not provide legal advice.

- Service provider transition and/or plan conversion

▪ ***Investment Education for Plan Fiduciaries Concerning:***

- Investment Policy Statements
- Assessment of overall investment structure of the Plan (i.e., types and number of asset classes, model portfolios, etc).
- Review of the Plan's investment options
- Review of Qualified Designated Investment Alternatives (QDIAs)
- Search and review of investment managers

➤ **Description of Plan Participant Non-Fiduciary Services** - The following investment education services are provided by CIRA acting in a non-fiduciary capacity to plan participants:

- Providing group enrollment and investment education meetings
- Providing fee specific education and communicate the Plan's requirements for requesting additional information about plan fees and expenses
- Supporting individual participant questions
- Providing periodic updates, upon request or through newsletter
- Assisting participants with retirement readiness

➤ **Description of Discretionary Investment Management Services** - In certain circumstances, services are provided by CIRA acting as a fiduciary within the meaning of section 3(38) of ERISA, if the Plan is subject to ERISA, including the following:

- Initial selection and ongoing monitoring of the Plan's Designated Investments
- Review the Plan's investment objectives, risk tolerance and goals with the Plan committee. If the Plan does not have an IPS, CIRA Advisor Representative will recommend investment policies to assist the Plan Committee with establishing investment objectives. If the Plan has an existing IPS, CIRA Advisor Representative will review it for consistency with the Plan's objectives and recommend revisions to the Plan Committee to establish investment policies that are congruent with the plan's objectives.
- Review the investment options available to the Plan and will utilize qualitative and quantitative analysis to provide the Plan Sponsor with recommendations regarding the Plan's Designated Investments that meet the criteria set forth in the stated investment objectives.
- Once CIRA Advisor Representative's initial recommendations have been implemented, the CIRA Advisor Representative will continue to monitor the Designated Investments and instruct the Platform Provider directly to remove and replace investments that no longer meet the IPS criteria or investment objective criteria. CIRA Advisor Representative will communicate any changes to the Plan Sponsor reasonably in advance of the proposed change. Plan Sponsor understands that declining any of CIRA Advisor Representative's recommendations can cause the services under the CIRA Retirement Plan Agreement to terminate.
- Qualified Default Investment Alternative Management:
  - If the Plan has an existing QDIA, CIRA Advisor Representative will map those participant accounts to CIRA Advisor Representative's Moderate Model Portfolio and will serve as the Plan's QDIA Manager with respect to participant accounts that are automatically defaulted into the Model Portfolios pursuant to ERISA Section 404(c)(5). For new plans or those that did not previously designate a QDIA, the Plan Sponsor authorizes CIRA Advisor Representative to designate its Moderate Model Portfolio as the Plan's QDIA, and any participant who fails to direct the investment of their accounts will automatically be invested in the Moderate Model Portfolio. Plan Sponsor, however, retains the sole responsibility to provide all notices to participants as required under ERISA Section 404(c), including 404(c)(5).

- Creation and Maintenance of Model Asset Allocation Portfolios (“Model Portfolios”):
  - CIRA will create risk-based Model Portfolios to be offered to Plan participants through the Platform Provider’s platform.
  - The Model Portfolios will be constructed so as to achieve varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed income exposures offered through investment alternatives available through the Plan. CIRA Advisor Representative will diversify, reallocate and rebalance the Model Portfolios and associated risk levels over time in accordance with generally accepted investment theories and in compliance with the Plan’s IPS. CIRA Advisor Representative will make changes to the underlying investments and/or the asset allocation percentages of the Model Portfolios and will communicate such instructions directly to the Platform Provider. CIRA Advisor Representative will communicate any changes to the Plan Sponsor reasonably in advance of the proposed change.

The CIRA Advisor Representative will not be responsible for selection or monitoring, and will not make any recommendations to retain or remove, employer stock or investment options beyond the Designated Investments (i.e., stable value funds, target date portfolios, mutual fund or brokerage windows, guaranteed investment contracts, unallocated accounts, etc.).

From time to time CIRA and/or CIRA Advisor Representatives can make the Plan or Plan participants aware of and offer services available from CIRA and/or CIRA Advisor Representatives that are separate and apart from the retirement plan advisory and consulting services described above. In offering any such services, neither CIRA nor its CIRA Advisor Representatives providing the services are acting as a fiduciary under ERISA with respect to such offering of services. If any such separate services are offered to a client, the client will make an independent assessment of such services without reliance on the advice or judgment of CIRA or the CIRA Advisor Representative.

#### **Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on the individual needs of each individual client. Clients are given the ability to impose restrictions on their accounts including specific investment selections and sectors.

#### **Wrap Fee Program versus Portfolio Management Program**

CIRA Advisor Representatives provide asset management services through both wrap fee programs and traditional management programs. Under our traditional management programs, there are two separate types of fees. We charge an investment advisory fee for our advisory services, and another fee (“ticket charge”) is charged for each transaction (i.e., buy/sell/exchange) by our affiliated introducing broker-dealer, Cambridge for accounts held at the qualified custodian.

Under a wrap fee program, advisory services and transaction services are provided for one fee to the client.

From a management perspective, there is not a fundamental difference in the way our CIRA Advisor Representatives manage wrap fee accounts versus traditional management accounts. The significant difference is the way in which transaction services are paid. For information on additional fees regarding ticket charges, please refer to Item 5 of this Brochure.

#### **Client Assets Managed by CIRA**

The amount of clients assets managed by CIRA totaled \$44,327,336,213 as of December 31, 2018. \$6,359,705,487 is managed on a non-discretionary basis and \$37,967,630,726 is managed on a discretionary basis.

#### **Business Continuity Plan**

CIRA and Cambridge have established a Business Continuity Plan (BCP). The BCP describes how CIRA and Cambridge respond to significant business disruptions and provide investors with alternative contact information in the event of a significant business disruption. The BCP Summary is distributed when the client establishes an account, and can be found at [www.cir2.com](http://www.cir2.com). It is also available upon written request.

### **Item 5 – Fees and Compensation**

In addition to the information provided in Item 4 – Advisory Business - this section provides details regarding CIRA’s services along with descriptions of each service’s fees and compensation arrangements. Please keep in mind that CIRA has the right to refuse any contract submitted for approval. If the appropriate disclosure statement (i.e. this document or a separate written disclosure statement containing the same information as this document) is not delivered to you at least 48 hours prior to you entering into a CIRA agreement,

then you have the right to terminate services without penalty (i.e. full refund of all fees paid in advance or, in the event fees are billed in arrears, no fees shall be due) within five (5) business days after entering into the agreement. For purposes of this provision, an agreement is considered entered into when all parties have executed the agreement.

### **Financial Planning Services**

If you decide to sign up for financial planning services you will be required to execute a Financial Planning Engagement. Upon execution of the Engagement, your CIRA Advisor Representative will provide verbal or written recommendations, depending on the investment advisory services selected and mutually agreed upon. Financial planning services will take into consideration either individually or a combination of information such as your objectives, overall financial situation, personal and financial goals, risk tolerance and objectives, risks that you are willing to undertake, investment knowledge, net worth, income, age, projected retirement, unusual or material funding requirements, inheritance possibilities, pensions, social security, children/relative funding issues, estate issues, and living expenses expressed in today's dollars requested for retirement.

Based on the data and information compilation, financial planning recommendations are made based on your individual needs. Topics included as part of financial planning services provided can include, but are not necessarily limited to, one or more of the following:

- Portfolio Review and Evaluation
- Retirement Account Analysis
- Cash Flow and Net Worth Analysis
- Risk Management Analysis
- Budgeting
- Planning for Family Member Special Needs
- Divorce Planning
- Developing a Comprehensive Documented Financial Plan
- Retirement Planning
- Education Funding Planning
- Review of Medical, Disability, and other insurance
- Estate Analysis and Planning
- Financial Planning and Education Seminars

CIRA Advisor Representatives also provide financial planning services to business entities and groups requesting educational services and financial planning seminars or individual consulting and planning services to be provided to employees or members. If individual planning or consulting services will be provided, each participating employee or member will be required to execute a separate agreement with CIRA depending on the services being provided.

CIRA Advisor Representatives are allowed to provide financial planning seminars. Such services are provided on an impersonal basis, which means topics covered are general in nature and do not purport to focus on the individual needs of the seminar participants. Topics covered in a seminar can include the items listed above. CIRA Advisor Representatives charge a fee for participation in seminars. When fees equal to or in excess of \$500/per attendee are charged each attendee of the seminar will be provided a copy of this Disclosure Brochure.

Financial planning services do not include the implementation of transactions on your behalf. To the extent you would like your CIRA Advisor Representative to implement transactions on your behalf, you will need to contract with your CIRA Advisor Representative for one or more of the management services described later in this section of the Disclosure Brochure or you can work with your CIRA Advisor Representative in his or her separate capacity as a Cambridge Registered Representative to establish a brokerage account and implement transactions through a non-fee, commission-based brokerage account. A conflict will exist between the interests of CIRA and our CIRA Advisor Representatives and your interests because if you choose to implement the advice of your CIRA Advisor Representative, your CIRA Advisor Representative will earn commissions in his or her capacity as a Registered Representative or additional advisory fees for managed accounts in addition to the fees charged for financial planning services. Fees for financial planning services can be paid in a variety of options determined between yourself and your CIRA Advisor Representative. The fee arrangement should be expressed on the appropriate CIRA Agreement. These options include the following:

- **Fixed Fee Services** – The fixed fee will vary depending on a variety of factors, depending on the scope of services provided, complexity of the process undertaken, the types of issues addressed and the frequency with which the services are rendered. Fees charged for financial planning services on a fixed basis generally do not exceed \$25,000 for

individuals.

- **Hourly Financial Consulting** – CIRA Advisor Representatives are generally not allowed to charge more than \$500 on an hourly basis.
- **Asset Based Fee Agreement** – Financial consulting services provided based on assets held outside of CIRA fall under an Asset Based Fee agreement. The fee for such services will be a percentage of all assets being managed by the CIRA Advisor Representative.

Financial planning fees described above do not include the fees you will incur for other professionals (i.e., personal attorney, independent Investment Adviser, or accountant) in connection with the financial planning process.

In some instances fees higher than those stated above will be charged if the scope of the project agreed upon warrants a higher fee. All fees are negotiable and are agreed upon prior to entering into a contract.

CIRA Advisor Representatives have the option to waive agreed upon financial planning fees and expenses if you purchase products or enter into agreements for other services with the CIRA Advisor Representative. You and the CIRA Advisor Representative preparing the financial plan or providing the consultation services will determine the exact fee and the manner in which the fee is to be paid. CIRA Advisor Representatives negotiate fees with each of their clients based on the complexity of that client's personal circumstances, financial situation and the services that will be provided, the scope of the engagement, the client's gross income, the experience and standard fees charged by the CIRA Advisor Representative providing the services, and the nature and total dollar asset value of the assets upon which services will be provided. In addition, fees will be negotiated based on whether or not the client has assets under management with the CIRA Advisor Representative.

When the contracted services include providing a physical or electronic document, you will generally receive your financial plan within 90 days of entering into a financial planning contract, provided that all information needed to prepare the Financial Plan has been promptly provided by you.

Fees for ongoing consultation services are due in accordance to the timeframe agreed upon between you and your CIRA Advisor Representative. You can authorize fee payment from either a Cambridge brokerage account, a CIRA management account or from your checking or savings account to pay for financial planning services. The Cambridge brokerage account or the CIRA management account used for debiting generally must be a non-qualified account on a platform approved for fee-debiting. You can also choose to pay the financial planning fee by debit or credit card provided your CIRA Advisor Representative provides this service. The exact fee you will be charged is contingent upon the nature and complexity of your overall financial circumstances. The contract will automatically renew on an annual basis, unless agreed upon to be a one-time service.

### **Investment Consulting Services**

In addition to providing documented financial plans, CIRA Advisor Representatives provide financial planning consultation services. Consultation services are provided focusing on your specific areas of concern. These services can also include retirement plan consulting services provided to a plan sponsor or to an individual client seeking advice on how their plan investments should be allocated.

CIRA Advisor Representatives provide financial and investment consultations on accounts not managed or maintained by CIRA. Only accounts for which a CIRA Advisor Representative is not the Registered Representative of record or does not have trading authorization on the account are eligible for this service. Such accounts include, but are not limited to, 401(k) accounts and pension plan accounts not held at CIRA or Cambridge. You will be responsible for all trade implementation under this service. CIRA Advisor Representatives will not have access to your funds, securities, or account(s) and therefore will not have authority to rebalance, reallocate or trade in the account.

If you decide to sign up for this service, your selected accounts will be reviewed based upon your specific needs and desires for future financial goals and/or objectives. General or specific recommendations will be provided by your CIRA Advisor Representative. Fees can be paid in a variety of options determined between yourself and your CIRA Advisor Representative. The fee arrangement should be expressed on the appropriate CIRA Agreement.

- **Fixed Fee Services** – The fixed fee will vary depending on a variety of factors, depending on the scope of services

provided, complexity of the process undertaken, the types of issues addressed and the frequency with which the services are rendered. Fees charged for financial planning services on a fixed basis generally do not exceed \$25,000 for individuals.

- **Hourly Financial Consulting** – CIRA Advisor Representatives are generally not allowed to charge more than \$500 on an hourly basis.
- **Asset Based Fee Agreement** – Financial consulting services based on assets held outside of CIRA fall under an Asset Based Fee agreement. The fee for such services will be a percentage of all assets being managed by the CIRA Advisor Representative. The total fee, charged by CIRA Advisor Representatives, will not exceed 2.25% annually of the assets under management.

Fees for ongoing consultation services are due in accordance to the timeframe agreed upon between you and your CIRA Advisor Representative. The exact fee you will be charged is contingent upon the nature and complexity of your overall financial circumstances.

The investment advisory fee will be divided and billed on a quarterly basis. You and your CIRA Advisor Representative have the option to choose to have a one-time fee instead of the above billing options. Fees are charged in advance or in arrears depending on the specific arrangement. The contract will automatically renew on an annual basis unless agreed upon to be a one-time fee.

Certain charges are imposed by third parties other than CIRA in connection with investments recommended through consulting arrangements, including but not limited to, mutual fund and custodial fees. Consulting fees charged by CIRA are separate and distinct from the fees and expenses charged by investment company securities that are recommended to you. A description of these fees and expenses are available in each investment company product prospectus.

CIRA Advisor Representatives have the option to waive agreed upon investment consulting fees and expenses if you purchase products or enter into agreements for other services with the CIRA Advisor Representative. You and the CIRA Advisor Representative providing the consultation services will determine the exact fee and the manner in which the fee is to be paid. CIRA Advisor Representatives negotiate fees with each of their clients based on the complexity of that client's personal circumstances, financial situation and the services that will be provided, the scope of the engagement, the client's gross income, the experience and standard fees charged by the CIRA Advisor Representative providing the services, and the nature and total dollar asset value of the assets that services will be provided on. In addition, fees are negotiated based on whether or not the client has assets under management with the CIRA Advisor Representative.

### **Financial Wellness**

If you engage in Financial Wellness Services, you will be required to execute the appropriate CIRA Agreement. These forms will be used when contracting with an employer to provide education and financial planning services to their employees.

Upon execution of the agreement, your CIRA Advisor Representative will provide the services agreed upon in the agreement. Employers contract a CIRA Advisor Representative to provide individualized recommendations to employees. Services included in the individualized advice can include the following:

- Personal Financial Wellness Assessments
- Retirement Plan Participant Investment Advice

Fees are the responsibility of the employer and can be paid by checks made payable to Cambridge Investment Research, Inc. or by authorizing payment from either a Cambridge brokerage account or from a checking or savings account. The Cambridge brokerage account or the CIRA management account used for debiting generally must be a non-qualified account on a platform approved for fee-debiting. The exact fee that you are charged is contingent upon the nature and complexity of the services provided.

Fee arrangements can be charged in a variety of options determined between you and your CIRA Advisor Representative. The fee amount and arrangements are expressed on the appropriate CIRA Agreement. The fee arrangements include:

- Flat fee agreement – This is a set fee charged for total services provided.
- Hourly fee agreement – You will be charged an hourly fee based on time spent for services provided.

### **Investment Management Services**

Investment management services are provided through one or more of the following platforms:

- Cambridge Investment Management Platform

- Investment Management through Institutional RIA Platform
- WealthPort Wrap
- CIRA Retirement Plan Strategies Management Platform
- Retirement Plan Advisory and Consulting Services
- Recommendation of Unaffiliated Third Party Investment Adviser
- Multi-Manager Platforms

For all programs, account recommendations are ultimately determined based upon your risk tolerance, financial situation, and stated investment objectives (i.e. preservation of capital, income, growth & income, growth and speculation, etc.). All information gathered from you is confidential in accordance with Cambridge's Privacy Policy. While CIRA does not set a specific timeframe for review, it does encourage CIRA Advisor Representatives to contact all of their clients at least annually, or at client's request, to discuss the client's investment portfolio and to update the client's financial information should any changes have occurred. It is necessary for you to inform your CIRA Advisor Representative promptly with respect to any changes in your financial situation or investment goals and objectives. Failure to notify CIRA of any such changes could result in investment recommendations not meeting your needs.

You should discuss with your CIRA Advisor Representative the costs and benefits of each platform and then select the clearing firm that you believe best supports your investment goals and style and provides the most cost effective means of executing your investment strategy.

### ***Cambridge Investment Management Program***

CIRA Advisor Representatives provide investment management services, defined as giving continuous investment advice to you and making investments based on your individual needs through brokerage accounts established at Cambridge. Through this program, your CIRA Advisor Representative will be responsible for determining investment recommendations and responsible for implementing transactions. The CIRA Advisor Representative shall manage your accounts in accordance with your individual needs, objectives and risk tolerance. These accounts are managed on either a discretionary trading basis or non-discretionary trading basis as agreed to by you and your CIRA Advisor Representative. In order to have trading authorization on your account, your CIRA Advisor Representative must be granted limited power of attorney over that account.

If you choose to establish an account with CIRA, your accounts will be cleared and custodied at National Financial Services, LLC ("NFS") or Pershing, LLC ("Pershing"). The decision to use NFS or Pershing is made in conjunction with your CIRA Advisor Representative. Generally, a CIRA Advisor Representative will use one of the custodians and not the other. However, depending on your needs, only one of the custodians could be a viable option. For example, one custodian can be recommended when you are in need of an individual 401(k) account because that custodian offers active management of 401(k) accounts on a platform that is not currently available on the other custodian's platform. Cambridge serves as the introducing broker-dealer for all accounts through this investment management platform and clears securities transactions on a fully disclosed basis through NFS and Pershing. Cambridge and CIRA have chosen to use NFS and Pershing, LLC as qualified custodians based on past experiences, costs and other offerings or services that they provide to Cambridge. A conflict of interest exists because other broker-dealers and custodians charge fees that could be more or less than using NFS or Pershing through Cambridge.

Various investment strategies are provided through this service; however, a specific investment strategy is determined to focus on your specific goals and objectives. Investment strategies and philosophies used vary based on the CIRA Advisor Representative providing advice.

Models and strategies used by one CIRA Advisor Representative are different than strategies used by other CIRA Advisor Representatives. Some CIRA Advisor Representatives limit their advice to mutual funds while others will provide advice on a full range of securities that include but are not limited to equities, mutual funds, options, fixed income and alternative investments. Some CIRA Advisor Representatives develop models or strategies that are generally applied across their clients while other CIRA Advisor Representatives will develop truly individualized portfolios for each client.

The investment advisory fee for accounts managed through the Cambridge Investment Management Program is based on the amount of assets under management. The investment advisory fee is negotiable and is subject to discounts on a CIRA Advisor Representative-by-CIRA Advisor Representative, client-by-client, or account-by-account basis. These discounts are a consideration for the CIRA Advisor Representative when choosing a program to recommend. The maximum allowable advisory fee that can be charged will not exceed 2.25% of assets under management on an annual basis.



The exact fee and payment arrangement shall be agreed to by you and your CIRA Advisor Representative prior to commencing services and stated in the CIRA Agreement for Investment Management Services Exhibit ("EXHIMA").

- Fees are charged as a;
  - Flat Fee
  - Tiered Fee Structure:
    - Under this fee structure, the assets can be billed at more than one fee rate.
      - Example: An account is billed under the following Tiered fee Structure and the account has a billable market value of \$500,000
        - \$0 - \$100,000 @ 1.50%
        - \$100,000 - \$250,000 @ 1.25%
        - Above \$250,000 @ 1.00%
      - This account would have the first \$100,000 in Assets Under Management billed at 1.50%
      - The next \$150,000 would bill at 1.25%
      - The remaining \$250,000 would be billed at 1.00%
  - Breakpoint Fee Structure:
    - Under this fee structure, the assets in the account will all bill under one rate.
      - Example: Using the same billing scenario with an account that has \$500,000 in billable market value and has the following breakpoint fee structure:
        - \$0 - \$100,000 @ 1.50%
        - \$100,000 - \$250,000 @ 1.25%
        - Above \$250,000 @ 1.00%
      - Since the account has \$500,000 in this example, the entire \$500,000 would be billed at 1.00%

Fees are charged in advance or in arrears depending upon the agreement between you and your CIRA Advisor Representative. The frequency of fees is determined between you and your CIRA Advisor Representative and is documented in the appropriate CIRA Agreement. CIRA reserves the right to calculate fees either on the basis of the market value of the account(s) on the last day of the previous quarter if fees are billed in advance or on the last day of the quarter in which services were rendered if fees are billed in arrears. You should discuss with your CIRA Advisor Representative the fee calculation formula in effect at the time you establish your account(s), and will be notified in writing of any change.

- Setup Fees – A one-time, non-refundable setup fee is charged depending on the complexity and structure of the investment management strategy selected by you. The charge is intended to cover such services as initial portfolio review and analysis, evaluation of your personal and financial goals, risk tolerance, investment objectives, product research, selection of an appropriate investment management strategy and completion by your CIRA Advisor Representative of the documents required by CIRA to establish an account. The set-up fee is agreed upon and indicated on the CIRA Agreement and is generally the lesser of one percent (1%) or \$1,000 and doesn't exceed 3% of assets under management.
- Ancillary Fee – The annual Ancillary Fee allows for the bundling of certain ancillary expenses including but not limited to; statement fees, confirmation fees, wire transfer fees, IRA Annual Maintenance fees and check writing fees. Bundling certain ancillary fees provides you with an opportunity to pay one fee annually versus these fees being applied individually. This option is provided as a convenience to you and is determined on a CIRA Advisor Representative-by-CIRA Advisor Representative and client-by-client basis. This Ancillary Fee will be debited annually in advance (once a year) and will increase the annual account investment advisory fee listed on the CIRA Agreement. The initial Ancillary Fee will be debited on the first day of the next calendar month following the date of executing the CIRA Agreement and will be reflected in the normal billing cycle. In the event of termination of the Agreement, the annual Ancillary Fee will not be refunded. The Ancillary Fee can be more or less than if paying individually for ancillary expenses. The Ancillary Fee does NOT include ticket charges.
- Service Fee – A service fee not to exceed \$300 can be deducted from your account. This fee is a fixed amount that includes administration, performance reporting, cost basis reporting and various other account reports. The fee is charged in advance or in arrears depending upon the agreement between you and your CIRA Advisor Representative. The frequency of the fee is also determined between you and your CIRA Advisor Representative and is documented on the appropriate CIRA Agreement.

Additional deposits of funds are subject to a fee when deposited on a date other than the last day in a reporting period. The fee for

additional deposits are pro-rated for the remainder of the reporting period. This fee is determined on a CIRA Advisor Representative-by-CIRA Advisor Representative or account-by-account basis. You should discuss with your CIRA Advisor Representative if or when this fee will apply to your accounts.

Fees are typically deducted directly from your account. You can also decide to have the fee deducted from an alternate Cambridge or CIRA account. Generally, fees from a non-qualified account must be debited from a non-qualified account on a platform approved for fee-debiting. You must provide the custodian with written authorization to have fees deducted from the account and paid to CIRA thru the CIRA Agreement. The custodian will send you statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It is CIRA and your responsibility to verify the accuracy of fee calculations and the qualified custodian will not determine whether the fee has been properly calculated. Upon approval from CIRA, you have the option to pay fees via direct invoice. If you are paying via invoice, fees shall be due upon receipt of the invoice.

CIRA Advisor Representatives have the availability to utilize mutual funds that offer various share classes, including those within the same fund. Varying share classes include but are not limited to shares designated as Class A Shares and Class I Shares. Generally, I Shares are reserved for institutional investors and therefore are not always available for your account. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for you to own Class A Shares than Class I Shares (or other share classes).

You generally do not pay a transaction charge for Class A Share mutual fund transactions in non-retirement accounts, but generally do pay transaction charges for Class I Share (or other share classes) mutual fund transactions. You can avoid or lower the transaction charge by purchasing a Class A Share mutual fund in a non-retirement account; however the share class can be more expensive to you over time because of the ongoing 12b-1 fee. You pay a higher transaction charge for a Class I Share, however, the share class can be less expensive to you over time. You should discuss and understand these additional indirect expenses borne as a result of the mutual fund fees. Whether or not the transaction ticket fees charged by Cambridge, NFS or Pershing are charged to you is outlined in the CIRA Agreement.

Investment advisory fees charged by CIRA are separate and distinct from the fees and expenses charged by investment company securities that are recommended to you. A description of these fees and expenses are available in each investment company's security prospectus. CIRA's Advisor Representatives, in their separate capacity as Registered Representatives of Cambridge, and acting in full compliance with the Cambridge and CIRA compliance policies and procedures, retain a portion of the commissions charged to you. While not an exhaustive list, an example of these commissions are mutual fund sales loads, and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. In addition, certain mutual fund companies, as outlined in the fund's prospectus, pay 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from client assets. With your managed accounts, 12b-1 (marketing and distribution) fees and trail earned will be credited to your account at the clearing firm whenever possible. When 12b-1 fees and trails received are not credited to your account, the investment advisory fee will be lowered, or offset by that amount.

Cambridge is a participant in Pershing's FUNDVEST® ticket charge program, and NFS' Funds Network® Select ticket charge program. These programs offer no-load mutual funds to be purchased by you with no transaction fees. Through formal agreements Cambridge is eligible to receive revenue for assets that are held within the NTF programs. Restrictions apply in certain situations. Both Pershing's FUNDVEST® and NFS' Funds Network® can be used in accounts in the WealthPort and/or CIRA's Investment Management Services Programs. Even though these payments are not shared with your CIRA Advisor Representative, the receipt of these additional payments create a conflict of interest because of the increased compensation to Cambridge.

Cambridge clients can choose to participate in Pershing's Loan Advance program. In this program, Pershing will qualify a client who would benefit from having an alternative for accessing credit for financial needs in the form of a non-purpose loan. Cambridge receives revenue for a client's participation in this program. Even though these payments are not shared with your CIRA Advisor Representative, the receipt of these additional payments create a conflict of interest because of the increased compensation to Cambridge.

Clients can also choose to participate in NFS' Goldman Sachs Private Bank Select Program which allows a client to access credit in the form of a non-purpose loan. Cambridge receives revenue for a client's participation in this program. Even though these payments are not shared with your CIRA Advisor Representative, the receipt of these additional payments create a conflict of

interest because of the increased compensation to Cambridge.

Cambridge clients can choose to loan securities to Pershing or NFS by participating in the Cambridge Fully-Paid Lending Program. Clients will maintain full ownership of the securities on loan and may recall the loan at any time. Clients will relinquish their right to exercise voting rights while securities are on loan. Loaned securities will not have SPIC coverage however, SIPC coverage applies to the cash collateral received for the loaned securities. Clients receive a lending fee based on the relative value of the securities loaned and are subject to change. Cambridge also receives revenue from these fees and even though these payments are not shared with your CIRA Advisor Representative, the receipt of these additional payments create a conflict of interest because of the increased compensation to Cambridge.

### ***Investment Management through Institutional RIA***

CIRA Advisor Representatives provide investment management services, defined as providing ongoing investment advice and by making investments for you based on your individual needs, through accounts established at an institutional RIA. Through this program, your CIRA Advisor Representative will be responsible for determining investment recommendations and responsible for implementing transactions. The CIRA Advisor Representative shall manage your account in accordance with your individual needs, objectives and risk tolerance. These accounts are managed on either a discretionary or non-discretionary trading basis as agreed to by you and your CIRA Advisor Representative. In order to have trading authorization on your account, your CIRA Advisor Representative must be granted limited power of attorney over that account.

CIRA has a number of approved custodians. While there are others, the most commonly used are Schwab Institutional, TD Ameritrade Institutional, Fidelity Institutional Wealth Services and Pershing Advisor Solutions. CIRA is independently owned and operated and not affiliated with any of these companies. Generally, a CIRA Advisor Representative will not use every platform and in most cases will only recommend the use of one of these platforms. More details regarding the brokerage options are available in Item 12 of this Disclosure Brochure.

Similar to the Cambridge Investment Management Program, various investment strategies are provided through this service; however, a specific investment strategy is crafted for each CIRA Advisor Representative's clients to focus on that specific client's goals and objectives. Investment strategies and philosophies used through an institutional RIA platform vary based on the CIRA Advisor Representative providing advice. Models and strategies used by one CIRA Advisor Representative can be different than strategies used by other CIRA Advisor Representatives.

Some CIRA Advisor Representatives limit their advice to mutual funds and others will provide advice on a full range of securities that include but are not limited to equities, mutual funds, options, fixed income and alternative investments. Some CIRA Advisor Representatives develop models or strategies that are generally applied across their clients while other CIRA Advisor Representatives will develop truly individualized portfolios for each client.

The investment advisory fee for accounts managed through the Institutional RIA Program is based on the amount of assets under management. The investment advisory fee is negotiable and is subject to discounts on a CIRA Advisor Representative-by-CIRA Advisor Representative, client-by-client, or account-by-account basis. These discounts are a consideration for the CIRA Advisor Representative when choosing a platform to recommend.

- The maximum allowable advisory fee that can be charged will not exceed 2.25% of assets under management on an annual basis.

The exact fee and payment arrangement shall be agreed to by you and your CIRA Advisor Representative prior to commencing services and stated in the CIRA Agreement for Investment Management Services Exhibit ("EXHIMA").

- Fees are charged as a;
  - Flat Fee
  - Tiered Fee Structure:
    - Under this fee structure, the assets can be billed at more than one fee rate.
      - Example: An account is billed under the following Tiered fee Structure and the account has a billable market value of \$500,000
        - \$0 - \$100,000 @ 1.50%
        - \$100,000 - \$250,000 @ 1.25%

- o Above \$250,000 @ 1.00%
- This account would have the first \$100,000 in Assets Under Management billed at 1.50%
- The next \$150,000 would bill at 1.25%
- The remaining \$250,000 would be billed at 1.00%
- o Breakpoint Fee Structure:
  - Under this fee structure, the assets in the account will all bill under one rate.
    - Example: Using the same billing scenario with an account that has \$500,000 in billable market value and has the following breakpoint fee structure:
      - o \$0 - \$100,000 @ 1.50%
      - o \$100,000 - \$250,000 @ 1.25%
      - o Above \$250,000 @ 1.00%

Since the account as \$500,000 in this example, the entire \$500,000 would be billed at 1.00%.

Fees are charged in advance or in arrears depending upon the agreement between you and your CIRA Advisor Representative. Fees are charged on a quarterly basis unless you and your CIRA Advisor Representative agree on another billing cycle. CIRA reserves the right to calculate fees either on the basis of the market value of the account(s) on the last day of the previous quarter if fees are billed in advance or on the last day of the quarter in which services were rendered if fees are billed in arrears. You should discuss with your CIRA Advisor Representative the fee calculation formula in effect at the time you establish your account(s), and will be notified in writing of any change.

- Setup Fees – A one-time, non-refundable setup fee is charged depending on the complexity and structure of the investment management strategy selected by you. The charge is intended to cover such services as initial portfolio review and analysis, evaluation of a client's personal and financial goals, risk tolerance, investment objectives, product research, selection of an appropriate investment management strategy and completion by the client's CIRA Advisor Representative of the documents required by CIRA to establish an account. The setup fee is agreed upon and indicated on the CIRA Agreement and is generally the lesser of one percent (1%) or \$1,000 and doesn't exceed 3% of the assets under management.
- Service Fee – A service fee may be deducted from your account with the amount not to exceed \$300. This fee is a fixed amount that includes administration, performance reporting, cost basis reporting and various other account reports. The fee may be charged in advance or in arrears depending upon the agreement between you and your CIRA Advisor Representative. The frequency of the fee is also determined between you and your CIRA Advisor Representative and is documented on the appropriate CIRA Agreement.

Additional deposits of funds are subject to a fee when deposited on a date other than the last day in a reporting period. The fee for additional deposits are pro-rated for the remainder of the reporting period. This fee is determined on a CIRA Advisor Representative-by-CIRA Advisor Representative or account-by-account basis. You should discuss with your CIRA Advisor Representative if or when this fee will apply to your accounts.

Trading, brokerage and custodial fees charged by the client's third party broker-dealer and custodian are separate from management fees charged by CIRA. In addition, you will incur certain charges imposed by third parties other than CIRA in connection with investments made through a Cambridge account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees. Investment Advisory Fees charged by CIRA are separate and distinct from the fees and expenses charged by investment company securities that are being recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

CIRA Advisor Representatives have the availability to utilize mutual funds that offer various shares, including those within the same fund. Varying share classes include but are not limited to shares designated as Class A Shares and Class I Shares. Generally, I Shares are reserved for institutional investors and therefore are not always be available for a client's account. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for a client to own Class A Shares than Class I Shares (or other share classes).

Generally you do not pay a transaction charge for Class A Share mutual fund transactions in non-retirement accounts, but generally do pay transaction charges for Class I Share mutual fund transactions. You can avoid or lower the transaction charge by purchasing a

Class A Share mutual fund in a non-retirement account, however the share class can be more expensive to you over time because of the ongoing 12b-1 fee. You pay a higher transaction charge for a Class I Share, however, the share class can be less expensive to you over time. You should discuss and understand these additional indirect expenses borne as a result of the mutual fund fees.

Cambridge is a participant in Charles Schwab and Company, Inc's One Source and certain Non-One Source NTF charge program. This program offers no-load mutual funds with no transaction fees. Through formal agreements Cambridge is eligible to receive revenue for assets that are held within this program. Restrictions apply in certain situations. Even though this revenue is not shared with your CIRA Advisor Representative, the receipt of these additional payments create a conflict of interest because of the increased compensation to Cambridge.

### **WealthPort Wrap ("WealthPort")**

CIRA sponsors a wrap fee program known as WealthPort Wrap. WealthPort is recommended to clients through CIRA advisor representatives and through individuals and entities that are independently or individually registered as Investment Advisers.

Accounts are cleared and custodied at NFS or Pershing. The decision to use NFS or Pershing is made in conjunction with your Advisor Representative. Cambridge Investment Research, Inc. ("Cambridge") serves as the introducing broker-dealer for accounts in WealthPort and clears securities transactions on a fully disclosed basis through NFS and Pershing.

WealthPort offers Advisor Representatives the ability to select one or more of the programs listed below. The following information provides a brief summary of WealthPort. A full and complete description of each Program is provided in the WealthPort Wrap Brochure. All investors participating in WealthPort will be provided with, and should review the WealthPort Wrap Brochure prior to investing.

#### ▪ **Advisor-Directed Wrap Program**

In the WealthPort Advisor-Directed Program, your Advisor Representative provides investment management services, defined as giving continuous investment advice to you and making investments based on your individual needs. Through the Program, your Advisor Representative is responsible for determining investment recommendations and implementing transactions. Your Advisor Representative actively manages your account(s) in accordance with your individual needs, objectives and risk tolerance. The maximum advisor fee in this program is 2.25% annually.

#### ▪ **Team -Directed Wrap Program**

WealthPort Team -Directed services are designed for a CIRA Advisor Representative to affiliate with other CIRA Advisor Representatives who offer their portfolio asset allocation services. In this Program, Your Advisor Representative affiliates with another Advisor Representative, who provides portfolio asset allocation services and serves as the Team -Directed Strategist, implementing transactions according to predetermined models. Your Advisor Representative continues to provide service through education, evaluation and management of the relationship. The maximum advisor fee in this program is 2.25% annually.

#### ▪ **CAAP® (Cambridge Asset Allocation Platform)**

Within WealthPort CAAP®, we have arrangements with various strategists to provide consulting services in connection with the creation of asset allocation models and the selection of portfolios of funds, ETFs or equities, taking into consideration your investment objectives, financial situation, risk tolerance, and reasonable investment guidelines. Consultants and/or portfolio strategists can select their own proprietary funds to be held in your portfolio. This creates a conflict of interest in that Consultants receive separate and customary income when proprietary funds are selected for your portfolio. The maximum advisor fee in this program is 2.15% annually.

#### ▪ **Unified Managed Account (UMA)**

A UMA offers you the ability to select multiple CAAP strategies in one account. The UMA holds the investments recommended by each selected Strategist in a separate sleeve. Utilizing the proposal generation tools, your Advisor Representative customizes the asset allocation models for you or alternatively, selects proposed asset allocations for types of investors fitting your profile and investment goals. Your Advisor Representative then further customizes your portfolio by selecting the specific, underlying investment strategies or Investments in the portfolio to meet your needs. The maximum advisor fee in this program is 2.15% annually.

We (CIRA) act as the overlay portfolio manager for CAAP and UMA and coordinate the trades in your account. We are also

responsible for rebalancing and monitoring CAAP and UMA accounts in accordance with the allocations in your portfolio. We review your account to determine if rebalancing is appropriate based on the suggested frequencies from the Strategists.

### ***CIRA Retirement Plan Strategies Management Platform***

CIRA offers record keeping services and investment management to Plan Sponsors through the CIRA Retirement Plan Strategies Management program ("Retirement Plan Strategies"). Under Retirement Plan Strategies, the Plan Sponsor appoints CIRA as Investment Manager to the Plan, and acts as a fiduciary as defined by ERISA section 3(38) with respect to the managed account services.

With the guidance of CIRA and the CIRA Advisor Representative, Plan Sponsors select a strategy from CIRA approved Strategists for use by its participants. Participants have the option to direct their own investments, or to subscribe to a strategy with respect to the participant's assets held by the Plan. Participants who elect to subscribe to one of the strategies are required to complete a risk tolerance questionnaire and receive a risk tolerance score. The risk tolerance score is used by CIRA to recommend a portfolio under the Retirement Plan Strategies. Participants should review the selected Strategists ADV Part 2A and marketing material for more specific information.

Portfolios are diverse and are comprised of equities, bonds, fixed income securities and funds, real estate securities and mutual funds, depending on the Strategist chosen. Assets are custodied at Mid Atlantic Capital Group ("Custodian").

Plan Sponsors are responsible for selecting the specific Strategist for the Plan based upon the list of Retirement Plan Strategies program strategies made available by CIRA. CIRA shall not have discretionary authority to select the specific Strategist for inclusion or exclusion in the Plan; however, CIRA is granted discretionary trading authority by the Plan Sponsor over the assets managed under the Retirement Plan Strategies Program.

CIRA provides a record keeping service, which includes, but is not limited to, daily valuation and other trading services to the Plan. As record keeper for the Plan, CIRA instructs the Custodian to buy, sell or exchange securities or other products in accordance with, and upon receipt of, instructions provided by CIRA, Plan Participant, Plan Sponsor, Trustee and/or Third Party Administrator ("TPA").

CIRA shall charge Plan Sponsor a program fee based on an annual percentage of the Plan's assets and number of plan participants. This fee includes and is not limited to record keeping services, quarterly statements and enrollment materials.

A modeling fee will be debited to participants who select a strategy from an approved Strategist. The Modeling Fee will not be debited to participants who select to direct their own investments. The investment advisory fee will be divided and billed on either a monthly or quarterly basis. Fees are charged in advance or in arrears depending on the specific arrangement.

Certain fee payments are available to the Plan in connection with the account investments in the mutual funds that are selected to be made available to the Plan. The exact types and amounts of fees payable will depend on the mutual funds in which the Plan assets are invested. Fee sources include 12b-1 fees, service fees, sub-administrative fees, and sub-transfer agency fees (collectively the "Fund Fees"). All Fund Fees received by CIRA will be paid to the Plan.

All investment advisory fees paid to CIRA for services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual fund's prospectus. These mutual fund fees will generally include a management fee, other fund expenses and a possible distribution fee. If the fund also imposes sales charges, the client will pay initial or deferred sales charges. A modeling fee will be debited to participants who select to subscribe to a Retirement Plan Strategies Management Strategy.

### ***Retirement Plan Advisory and Consulting Services***

CIRA Advisor Representatives provide retirement plan advisory and consulting services as described in Item 4. The fees, services and fiduciary status of such services will be outlined and described through a CIRA 408(b)(2) disclosure agreement. CIRA will generally share at least 70% of the fee charged to you with the CIRA Advisor Representative based on the agreement between CIRA and the CIRA Advisor Representative. The fee for services are based on a percentage of the assets held in the Plan (up to 2.25% annually), on an hourly basis (up to \$500 per hour), or on a flat rate basis, as negotiated between the Plan and the CIRA Advisor Representative.

The fee will be payable to CIRA in advance or in arrears on the frequency (e.g., quarterly, monthly, etc.) agreed upon among you, the CIRA Advisor Representative, and CIRA. If asset based fees are negotiated, the fee payment generally will be based on the value of the Plan assets as of the close of business on the last business day of the period as valued by the custodian of the assets. However, if the fee is paid by the Plan or you through a third party service provider, such fee will be calculated as determined by the provider. If the fee is paid prior to the services being provided, the Plan will be entitled to a pro-rated refund of any prepaid fees for services not received upon termination of the client agreement among you, CIRA and the CIRA Advisor Representative.

Retirement plan clients incur fees and charges imposed by third parties other than CIRA and CIRA Advisor Representative in connection with services provided by CIRA. These third party fees include fund or annuity subaccount management fees, 12b-1 fees and administrative servicing fees, plan recordkeeping and other service provider fees. Further information regarding charges and fees assessed by a fund or annuity are available in the appropriate prospectus.

If you engage CIRA and the CIRA Advisor Representative to provide ongoing investment recommendations to the Plan regarding the investment options (e.g., mutual funds, collective investment funds) to be made available to Plan participants, you should understand that there generally will be two layers of fees with respect to such assets. The Plan will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. You also will pay CIRA and the CIRA Advisor Representative the fee as agreed to in the appropriate CIRA Agreement for the investment recommendation services. Therefore, you could generally avoid the second layer of fees by not using the advisory services of CIRA and the CIRA Advisor Representative and by making your own decisions regarding the investment.

If a Plan makes available a variable annuity as an investment option, there are mortality expenses and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor. If a Plan makes available a pooled guaranteed investment contract (GIC) fund, there are investment management and administrative fees associated with the pooled GIC fund.

You should understand that the fee you negotiate with the CIRA Advisor Representative can be higher than the fees charged by other investment advisors or consultants for similar services. This is the case, in particular, if the fee is at or near the maximum fees set out above. The CIRA Advisor Representative is responsible for determining the fee to charge each of their individual clients based on factors such as total amount of assets involved in the relationship, the complexity of the services, and the number and range of supplementary advisory and client-related services to be provided. You should consider the level and complexity of the consulting and/or advisory services to be provided when negotiating the fee with your CIRA Advisor Representative.

If you pay the fee by check, it should be made payable to Cambridge Investment Research, Inc. Alternatively, you can instruct a Plan's service provider or custodian to calculate and debit the fee from the Plan's account at the custodian and pay such fee to Cambridge.

CIRA has approved several retirement plan programs that allow the CIRA Advisor Representatives to provide investment management services to retirement plan sponsors and participants. Below are special considerations for some of these programs:

- ***Security Financial Resources, Inc.***

CIRA has established a relationship with Security Financial Resources, Inc. ("SFR") in order to provide management of model portfolios for retirement plans and their participants. For plans in which SFR serves as the record keeper, SFR will deduct CIRA's advisory fees from a participant's account quarterly in arrears. In consideration for the administrative, recordkeeping and trading platform services, SFR will retain up to 25 bps of the advisory fees charged by CIRA. SFR will distribute the remaining advisory fees to CIRA.

- ***Tax Exempt Marketplace Program***

Some CIRA Advisor Representatives provide services to employees of public school systems and tax-exempt organizations that qualify under Section 501(c)(3) of the Internal Revenue Code. CIRA's Tax Exempt Marketplace Program ("TEMP") is designed for CIRA Advisor Representatives to provide services to clients who have available to them, through their organization, retirement accounts held in an Optional Retirement Plan (ORP) or also known as a 401(a), 403(b) and 457 accounts.

CIRA Advisor Representatives can provide these services either by the CIRA Advisor Representative providing the investment management services or utilizing the services of third party investment advisers (recommendation of third party investment advisers)

both programs are further explained below. Cambridge accounts are custodied at Fidelity Brokerage Services, LLC on its Tax Exempt Services (Fidelity TEM) platform or at TIAA. CIRA Advisor Representatives will generally use both custodians as this is determined independently by each organization.

Investment management services is defined as giving continuous investment advice to a client and making investments for that client based on their individual needs through brokerage accounts established at Cambridge. Through this program, your CIRA Advisor Representative will be responsible for determining investment recommendations and is responsible for implementing transactions in the CIRA Advisor Representative's separate capacity as a Cambridge Registered Representative. The CIRA Advisor Representative shall actively manage your accounts in accordance with your individual needs, objectives, and risk tolerance. These accounts are managed on either a discretionary trading basis or non-discretionary trading basis as agreed to by you and your CIRA Advisor Representative.

Various investment strategies are provided through this service; however, a specific investment strategy is determined for each client to focus on the specific client's goals and objectives. Investment strategies and philosophies used within the Cambridge platform vary based on the CIRA Advisor Representative providing advice. Models and strategies used by one CIRA Advisor Representative are different than strategies used by other CIRA Advisor Representatives. Some CIRA Advisor Representatives limit their advice to mutual funds, and others will provide advice on a full range of securities that include equities, mutual funds, options, fixed income and other types of investments listed in Item 4. Some CIRA Advisor Representatives develop models or strategies that are generally applied to their clients, while other CIRA Advisor Representatives will develop truly individualized portfolios for each client.

The investment advisory fee for accounts managed through the Cambridge Investment Management Platform is based on the amount of assets under management. The investment advisory fee is negotiable and is subject to discounts on a CIRA Advisor Representative- by- CIRA Advisor Representative or account-by-account basis. These discounts are a consideration for the CIRA Advisor Representative when choosing a platform to recommend.

- The maximum allowable fee that can be charged will not exceed 2.25 percent (2.25%) of assets under management on an annual basis for Fidelity TEM
- The maximum allowable fee that can be charged will not exceed 2.00 percent (2.00%) of assets under management on an annual basis for TIAA

Fees are charged in advance or in arrears depending upon the agreement between you and your CIRA Advisor Representative. Fees are charged on a quarterly basis unless you and your CIRA Advisor Representative agree on another billing cycle. CIRA reserves the right to calculate fees either on the basis of the market value of the account(s) on the last day of the previous quarter if fees are billed in advance, or on the last day of the quarter in which services were rendered if fees are billed in arrears. You should discuss with your CIRA Advisor Representative the fee calculation formula in effect at the time you establish your account(s), and will be notified in writing of any change.

- Setup Fees – A one-time, non-refundable setup fee is charged depending on the complexity and structure of the investment management strategy selected by you. The charge is intended to cover such services as initial portfolio review and analysis, evaluation of your personal and financial goals, risk tolerance, investment objectives, product research, selection of an appropriate investment management strategy and completion by your CIRA Advisor Representative of the documents required by CIRA to establish an account. The setup fee is agreed upon and indicated on the CIRA Agreement and generally the lesser of one percent (1%) or \$1,000 and does not exceed 3% of assets under management.

The exact fee and payment arrangement shall be agreed to between you and your CIRA Advisor Representative prior to commencing services and stated in the CIRA Agreement

Fees are typically deducted directly from your accounts. You must provide the custodian with written authorization to have fees deducted from the account and paid to Cambridge Investment Research, Inc. as paying agent. The custodian will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It is CIRA and your responsibility to verify the accuracy of fee calculations and the qualified custodian will not determine whether the fee has been properly calculated. Some organizations do not allow for fee deductions directly from certain tax-exempt accounts. CIRA does have the availability to accommodate fee deduction from an additional management account owned by you. You should contact your CIRA Advisor Representative to discuss additional options. Upon approval from CIRA, you can pay fees via direct invoice. For clients paying via invoice, fees shall be due upon receipt of the invoice.



CIRA Advisor Representatives also utilize the services of third party investment advisers. Through this program, CIRA Advisor Representatives will assist you in identifying your risk tolerance and investment objectives. Your CIRA Advisor Representative will recommend an approved third party investment adviser in relation to your stated investment objectives and risk tolerance. You will select a recommended third party investment adviser firm based upon your needs. You will enter into an agreement directly with the unaffiliated third party investment adviser who shall provide asset management services. For more information regarding the use of third party investment advisers please see the “Recommendations of Third Party Investment Advisers” in the Fees and Compensation section below.

### **Annuities**

CIRA Advisor Representatives manage the sub-accounts of various approved annuities on either a discretionary or non-discretionary basis for a fee. A fee of up to 2.25% can be charged for annuity management. Under certain circumstances, a fee of up to 1.5% of the cash value of the contract or policy can be debited directly from the clients annuity account. Fees can be debited from an alternate account and can exceed 1.5% but may not exceed the 2.25% maximum. The Advisor Representative has the option to use a third party money manager to manage the sub-accounts.

### **Recommendation of Unaffiliated Third Party Investment Advisers**

Some CIRA Advisor Representatives provide asset allocation advice through solicitor, co-advisor, and sub-advisor programs of various unaffiliated third party investment advisers based on your individual, personal and financial goals, investment objectives, and risk tolerance. As a result, CIRA and your CIRA Advisor Representative receive a portion of the fee charged and collected by the third party investment adviser.

CIRA enters into relationships with third party investment advisers that pass the CIRA due diligence process. Third party investment advisers recommended by CIRA or a CIRA Advisor Representative must be approved by both Cambridge and CIRA.

CIRA Advisor Representatives have a conflict of interest by only offering those third party investment advisers that have agreed to pay a portion of their advisory fee to CIRA and have met the conditions of the CIRA due diligence review. There could be other third party investment adviser programs suitable for you that are more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

Cambridge and/or CIRA can enter into various arrangements with some third party investment advisers referred to as revenue sharing arrangements. Although CIRA and Cambridge endeavor at all times to put the interest of the clients ahead of their own or those of their officers, directors, or representatives (“affiliated persons”), these arrangements represent a conflict of interest as it could affect the judgment of Cambridge or its affiliated persons when recommending investment products and/or certain sponsor companies. You can review the CIRA and Cambridge Revenue Sharing Disclosure located at [www.cir-info.com](http://www.cir-info.com) for further information about any of CIRA and/or Cambridge’s revenue sharing arrangements. It is also available upon written request.

CIRA applies an administrative fee to third party investment advisors utilized by CIRA Advisor Representatives. This additional compensation is based on the amount of assets held at the third party investment advisor. Even though these payments are not shared with your CIRA Advisor Representative, the receipt of these additional payments create a conflict of interest because of the increased compensation to CIRA. While the arrangements with each third party investment advisors vary, some third party investment advisors pay the administrative fee on your behalf. In some situations CIRA will provide additional marketing opportunities to those third party investment advisors that provide these payments to CIRA over those that do not. Certain Third party investment advisors, will charge the administrative fee to you. This will be disclosed to you by the third party investment advisor.

Third party investment advisers generally have account minimum requirements that will vary from investment adviser to investment adviser. Account minimums may be higher on fixed income accounts than equity based accounts. A complete description of the third party investment adviser’s services, fee schedules and account minimums will be disclosed in the third party investment adviser’s Form ADV, Wrap Brochure, or similar Disclosure Brochure which will be provided to you at the time an agreement for services is executed. We strongly suggest that you review these materials to familiarize yourself with the third party investment advisor chosen.

CIRA Advisor Representatives will charge clients a fee for the services that the CIRA Advisor Representatives provide to you the client.

The CIR Advisor Representative fee is based on a percentage of the value of the client's assets. The fee is negotiable and is subject to discounts on a CIRA Advisor Representative-by- CIRA Advisor Representative, client-by-client, or account-by-account basis. Third party investment adviser's charge clients a separate fee based upon services provided by the third party investment adviser. The fee is separate from and may not include custodial charges, transaction charges, contingent deferred sales charges on funds purchased prior to their participation in the account, mutual fund sales load, 12b-1 fees, surrender charges, debit balances or related margin interest, or other costs imposed by third parties. Fees are determined by the CIRA Advisor Representative, the third party investment adviser and client through the use of an appropriate management agreement.

### **Third Party Investment Adviser Solicitor Program**

CIRA provides solicitor services according to the Investment Advisers Act of 1940 by recommending a program sponsor who is an unaffiliated third party investment adviser who shall provide asset management services. Clients will enter into an agreement directly with the unaffiliated third party investment adviser. Your CIRA Advisor Representative will assist you in selecting a suitable investment portfolio and asset allocation strategy that will be used by the program sponsor to properly allocate your assets in the investment portfolio. Your CIRA Advisor Representative will provide initial and ongoing education concerning the asset allocation strategy selected by you. CIRA Advisor Representatives are available to answer questions you may have regarding your account and act as your relationship manager between you and the third party investment adviser. Your CIRA Advisor Representative will periodically meet with you to discuss changes in your investment objectives and risk tolerance, and current asset allocations within each portfolio. The program sponsor periodically changes the relative allocations among securities in the portfolios. Third party investment advisers will generally take discretionary authority to determine the securities to be purchased and sold for you. CIRA and its associated persons do not have trading authority with respect to a client's managed account with the third party investment adviser(s).

While the actual fee charged to you will vary depending on the third party investment adviser, the portion retained by CIRA shall not exceed 1.50%. Overall management fees charged to you through this program will include the portion retained by the third party investment adviser and therefore may exceed the maximum amount allowed by CIRA. All fees are calculated and collected by the selected third party investment adviser who shall be responsible for delivering CIRA's portion of the client fee to CIRA.

### **Third Party Investment Adviser Co-Advisor Program**

CIRA provides services as a co-advisor by recommending a program sponsor who is an unaffiliated third party investment adviser who shall provide asset management services. Clients will enter into an agreement directly with the unaffiliated third party investment adviser. Your CIRA Advisor Representative will assist you or select a suitable investment portfolio and asset allocation strategy that will be used by the program sponsor to properly allocate your assets in the investment portfolio. Your CIRA Advisor Representative will provide initial and ongoing education concerning the asset allocation strategy selected. CIRA Advisor Representatives are available to answer questions you may have regarding your account and act as your relationship manager between you and the third party investment adviser. Your CIRA Advisor Representative will periodically meet with you to discuss changes in your investment objectives and risk tolerance, and current asset allocations within each portfolio. The program sponsor periodically changes the relative allocations among securities in the portfolios. Third party investment advisers will generally take discretionary authority to determine the securities to be purchased and sold for you. You are able to give your CIRA Advisor Representative discretion on certain activities such as moving among strategies and/or multiple managers.

While the actual fee charged to you will vary depending on the third party investment adviser, the portion retained by CIRA shall not exceed 2.25%. Overall management fees charged to you through this program will include the portion retained by the third party investment adviser so the total account fee may exceed the maximum amount allowed by CIRA. All fees are calculated and collected by the selected third party investment adviser who shall be responsible for delivering CIRA's portion of the client fee to CIRA.

For fees assessed by the third party investment adviser, you can refer to the disclosure material and agreements that you have executed with the third party investment adviser. You can also request these documents from your CIRA Advisor Representative.

### **Third Party Investment Adviser Multi-Managed Program**

CIRA can recommend an unaffiliated third party investment adviser to provide asset management services through a platform offered by multiple third party investment advisers or custodians. Clients will typically enter into an agreement directly with the unaffiliated third party investment adviser and CIRA and appoint CIRA as their Investment Adviser on the account. You and your CIRA Advisor Representative will select an investment portfolio and asset allocation strategy that will be used by the Sub-advisor to properly allocate your assets in the investment portfolio. Your CIRA Advisor Representative will provide initial and ongoing education concerning the asset allocation strategy selected by you. Your CIRA Advisor Representatives will periodically meet with you to discuss changes in your

investment objectives and risk tolerance, and current asset allocations within each portfolio. The Sub-advisor periodically changes the relative allocations among securities in the portfolios.

Clients participating in a sub-advisory account will grant CIRA discretionary authority with respect to investment and advisory services. When the third party investment adviser is used to make investment selections, the client must also grant the third party investment adviser full discretionary authority. Discretionary trading authority allows the CIRA Advisor Representative and/or a third party investment adviser to (i) invest and reinvest the assets in this program and/or (ii) retain Sub-advisors with respect to all or a part of the Separate Account Program Assets. When Sub-advisors are selected, they will also be granted full discretionary authority to invest and reinvest with respect to which such Sub-advisors have been granted investment discretion, subject to reasonable restrictions requested by the client.

While the actual fee charged to you will vary depending on the third party investment adviser, the portion retained by CIRA shall not exceed 2.25%. Overall management fees charged to you through this program will include the portion retained by the third party investment adviser so the total account fee can exceed the maximum amount allowed by CIRA. All fees are calculated and collected by the selected third party investment adviser who shall be responsible for delivering CIRA's portion of the client fee to CIRA. Clients will authorize the Custodian to pay the third party investment adviser and/or CIRA directly from the client's account(s).

If clients wish to have CIRA's Advisor Representatives implement advice in their capacity as Registered Representatives or through an investment management program that uses NFS or Pershing (including the Envestnet MAS Program), then CIRA's affiliated broker-dealer, Cambridge, must be used. Advisor Representatives of CIRA that are also Registered Representatives of Cambridge are required to use the services of Cambridge and Cambridge's approved clearing broker-dealers when acting in their capacity as Registered Representatives. Cambridge serves as the introducing broker-dealer. All accounts established through Cambridge will be cleared and held at either NFS or Pershing. CIRA and Cambridge are not related or affiliated with NFS or Pershing.

#### **General Disclosure Regarding ERISA and Qualified Accounts**

The following disclosure is directed for clients of CIRA that are (i) a pension or other qualified employee benefit plan (including a 401(k) plan) governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (ii) a tax-qualified retirement plan under section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and not covered by ERISA; or (iii) an individual retirement account ("IRA") under Section 408 of the Code.

It is your responsibility to ensure CIRA your CIRA Advisor Representative have been furnished complete copies of all documents that establish and govern the plan and evidences authority to retain CIRA as an investment adviser. You must promptly furnish to CIRA any amendments to the plan and if any amendment affects the rights or obligations of CIRA, such amendment shall be binding on CIRA and the CIRA Advisor Representative only when agreed to by CIRA and the CIRA Advisor Representative in writing.

CIRA must maintain appropriate ERISA bonding coverage for their managed account(s) and must include within the coverage of the bond CIRA, CIRA Advisor Representatives and their personnel as required by law.

CIRA's Advisor Representatives, in their separate capacity as Registered Representatives of Cambridge, and acting in full compliance with the Cambridge and CIRA compliance policies and procedures, retain a portion of the commissions charged to you. These commissions include mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. When managing ERISA and qualified accounts, 12b-1 (marketing and distribution) fees and trail earned will be credited to your account at the clearing firm whenever possible. When 12b-1 fees and trails received are not credited to your account, the investment advisory fee will be lowered, or offset by that amount. CIRA Advisor Representatives are required to provide a 408(b)(2) disclosure for all group retirement plans governed by ERISA, excluding owner-only retirement plans. The CIRA 408(b)(2) disclosure will outline the services provide by the CIRA Advisor Representative, fiduciary status, any direct or indirect compensation received by CIRA, and manner of compensation receipt. An updated fee disclosure will be provided in the event of a change to the advisory fees received or services provided to the plan.

Some CIRA Advisor Representatives are licensed to sell securities in the capacity as Registered Representatives with Cambridge. CIRA Advisor Representatives, acting in their separate capacities as Registered Representatives sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, CIRA Advisor Representatives can suggest that you implement investment advice by purchasing securities products through a commission-based Cambridge account in addition to an advisory account. In the event investment you elect to purchase these products through Cambridge, Cambridge and your CIRA Advisor Representative, in the capacity as Cambridge Registered

Representative, will receive the normal and customary commission compensation in connection with the specific product purchased. This presents a conflict of interest, as it gives the Cambridge Registered Representative an incentive to recommend investment products on the compensation received, rather than on your needs. CIRA does not require its CIRA Advisor Representatives to encourage you to implement investment advice through Cambridge. Clients of CIRA are free to implement investment advice through any broker-dealer or product sponsor they wish to select. However, you should understand that, due to certain regulatory constraints, CIRA Advisor Representatives, in the capacity as a dually Registered Representative, must place all purchases and sales of securities products in commission-based brokerage accounts through Cambridge or other Cambridge approved institutions. The fees charged by Cambridge and custodians approved for use by Cambridge can be higher or lower than other broker-dealers and custodians.

### **General Disclosure for No-Load Programs**

Cambridge is a participant in Pershing's FUNDVEST® ticket charge program, and NFS' Funds Network® Select ticket charge program. These programs offer no-load mutual funds to be purchased by you with no transaction fees. Through formal agreements Cambridge is eligible to receive revenue for assets that are held within the NTF programs. Restrictions apply in certain situations. Both Pershing's FUNDVEST® and NFS' Funds Network® can be used in accounts in WealthPort and/or CIRAs Investment Management Services. Even though these payments are not shared with your CIRA Advisor Representative, the receipt of these additional payments create a conflict of interest because of the increased compensation to Cambridge.

### **Termination**

Please keep in mind that we have the right to refuse any Agreement submitted for approval. If the appropriate disclosure statement (i.e., this document or a separate written disclosure statement containing the same information as this document) is not delivered to you at least 48 hours prior to or at the time you are entering into a Program Agreement, then you have the right to terminate services without penalty (i.e., full refund of all fees paid in advance or, in the event fees are billed in arrears, no fees shall be due) within five (5) business days after entering into the Agreement. For purposes of this provision, an Agreement is considered entered into when all parties have executed the Agreement.

All services continue in effect until terminated by either party (i.e., you, your Advisor Representative, or CIRA) by giving notice to the other party. Written notice of at least 30 days is required for investment management programs unless all parties mutually agree on an earlier termination date. Any prepaid, unearned fees are promptly refunded to you. If termination of the Program Agreement occurs after five days from account opening, we may retain up to \$500 of the prepaid Account Fee for the current quarter. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period. Fee refunds calculated to be less than \$25 generally will not be processed.

Upon termination of the Agreement, your account will convert to a brokerage account and transactions in the converted account are processed at normal brokerage rates. Termination of the Agreement does not affect the liabilities or obligations of the parties from transactions initiated prior to termination.

Upon actual receipt of notice of termination, our obligation to manage or advise you with respect to the account immediately terminates. This means that unless we receive instructions from you, we will not buy, sell, reallocate, or rebalance Funds in the converted account. IRA and 403(b) (7) accounts remain subject to the provisions and restrictions of regulations, law, and the custodial Agreement.

For those clients utilizing third party investment advisers termination procedures are determined by the individual third party investment adviser. Please refer to the specific third party investment adviser's disclosure brochure for specific termination procedures.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Item 6 of the Form ADV Part 2 instructions is not applicable to CIRA's brochure because CIRA does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

CIRA generally provides investment advice to the following types of clients.

- Individuals
- High-net worth Individuals
- Banking or thrift institutions
- State or municipal government entities
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

All clients are required to execute an agreement for services in order to establish a client arrangement with CIRA.

### **Minimum Investment Amounts Required**

CIRA typically imposes a minimum investment amount of \$25,000 to establish a Cambridge Investment Management account or an account managed on an institutional RIA platform. CIRA waives the minimum investment amount for retirement accounts. CIRA will accept accounts with less than \$25,000 in assets if CIRA believes that, based on information provided by you to your CIRA Advisor Representative, investing a lower amount is appropriate for you and is acceptable to the program sponsor.

Sponsors of the Third Party Investment Adviser programs that CIRA participates in are responsible for determining account minimums and whether such minimums are negotiable. If an account minimum is not established by the Third Party Investment Adviser, CIRA suggests that you invest at least \$25,000 in the investment management services. CIRA will accept accounts with less than \$25,000 in assets if CIRA believes that, based on information provided by you to your CIRA Advisor Representative, investing a lower amount is appropriate for you and is acceptable to the program sponsor.

It should be noted that some CIRA Advisor Representatives impose higher account minimums than the \$25,000 level established by CIRA. Accounts are not allowed to be aggregated to meet program minimums. You should consult with your CIRA Advisor Representative to determine the required account minimum.

A minimum initial investment of at least \$5,000 is required to participate in the WealthPort Program. Depending on whether you are utilizing Advisor-Directed, Team-Directed, CAAP® or UMA, higher minimums apply. Your Advisor Representative can discuss the specific minimums that apply to your selection.

A minimum initial investment requirement does not apply to retirement accounts in WealthPort Advisor-Directed.

If you close a CAAP® account or if you reduce the account balance below the minimum account value during the first twelve months, you will be charged a fee up to a maximum of \$500 in order to cover the administrative costs of establishing the CAAP® account(s).

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

CIRA Advisor Representatives use various methods of analysis and investment strategies. Methods and strategies will vary based on the CIRA Advisor Representative providing advice. Models and strategies used by one CIRA Advisor Representative will be different than strategies used by other CIRA Advisor Representatives. Some CIRA Advisor Representatives use just one method or strategy while other CIRA Advisor Representatives rely on multiple. CIRA does not require or mandate a particular investment strategy be implemented by its CIRA Advisor Representatives. Further, CIRA has no requirements for using a particular analysis method and CIRA Advisor Representatives are provided flexibility (subject to CIRA's supervision and compliance requirements) when developing their investment strategies. The following sections provide brief descriptions of some of the more common methods of analysis and investment strategies that are used by CIRA Advisor Representatives.

### **Methods of Analysis in Formulating Investment Advice**

**Fundamental** - Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, trying to determine a company's or securities true value by looking at all aspects of the business, including both tangible factors (e.g., machinery buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry

cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of determining what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

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

**Charting** - Charting is the set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can assist to extrapolate future trends.

Charting is a technical analysis that charts the patterns of stocks, bonds and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

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

### **Investment Strategies used when Managing Client Assets and/or Providing Investment Advice**

**Long term purchases** - Investments held at least a year

**Short term purchases** - Investments sold within a year

**Short sales** - A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

**Margin transactions** - When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor buys \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm.

**Option writing including covered options, uncovered options, or spreading strategies** - Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

**Tactical asset allocation** - Allows for a range of percentages in each asset class (such as stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

**Strategic asset allocation** - Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than

an active trading approach. Of course, the strategic asset allocation targets change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

**Market Timing Strategy** - While uncommon and typically not recommended to clients, some CIRA Advisor Representatives provide a market timing service as or part of, an investment strategy. In general, market timing is a strategy where the CIRA Advisor Representative will try to identify the best times to be in the market and when to get out. This service is designed to take advantage of stock market fluctuations by being invested based on the anticipated market direction. Clients should be aware that this strategy is considered an aggressive, higher-risk investment strategy. Only clients that are looking for a speculative investment strategy should participate in an investment timing service offered by a CIRA Advisor Representative.

**Modern Portfolio Theory** - Proposes that investing in a predetermined asset mix derived from the efficient frontier (dictated to achieve a specific client objective within a certain risk tolerance) and rebalancing with discipline, the portfolio is diversified across the various asset classes to mitigate unnecessary risk. This also provides for a portfolio that can operate without reliance on market timing and security selection; however, as with all equity investments positive returns are not guaranteed. In conjunction to investing in a diversified portfolio, each portfolio is constructed to meet specific parameters set forth in the individual client's investment needs and goals. These parameters can include, but are not limited to, tax efficiency, concentrated stock positions, and management history.

### **Risk of Loss**

You must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in any type of security (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there are varying degrees of risk. You need to be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, CIRA and its CIRA Advisor Representatives **cannot** represent, guarantee, or even imply that our services and methods of analysis:

1. Can or will predict future results; or
2. Successfully identify market tops or bottoms; or
3. Insulate you from losses due to market corrections or declines.

There are certain additional risks associated when investing in securities through an investment management program:

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systematic risk.
- **Equity (Stock) Market Risk** - Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk** - When investing in stock positions, there is always a certain level of company industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company can be reduced.
- **Options Risk** - Options on securities can be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **Fixed Income Risk** - When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed income investors receive set, regular payments that face the same inflation risk.

- **ETF and Mutual Fund Risk** - When investing in an ETF or mutual fund, there are additional expenses based on your pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs. Leveraged and inverse ETFs are not suitable for all investors and have unique characteristics and risks. Although there are limited occasions where a leveraged or inverse ETF can be useful for some types of investors, it is extremely important to understand that, for holding periods longer than a day, these funds may not give you the returns you expect.
- **Management Risk** – The value of your investment will vary with the success and failure of CIRA's investment strategies, research, analysis and determination of portfolio securities. If CIRA's investment strategies do not produce the expected returns, the value of the investment can decrease.

### **Item 9 – Disciplinary Information**

CIRA reported to the Pennsylvania Securities Commission, upon CIRA's own discovery, that it had previously misinterpreted the Pennsylvania CIRA Advisor Representative Registration provision. Upon CIRA's recognition of the registration issue, CIRA took prompt action and worked with the state of Pennsylvania Securities Commission to resolve the issue. CIRA was assessed a fine and legal fees which it paid in full on September 29, 2010.

In August of 2011 CIRA self-reported the misappropriation of financial planning fees by a former IAR. In good faith CIRA returned these misappropriated funds to the affected clients. As a result, the SEC determined that CIRA failed to reasonably supervise the former IAR's financial planning activity and options trading, and to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act. Therefore, without admitting or denying these allegations, CIRA has agreed to a monetary penalty of \$225,000 and the continued retention of a previously hired Compliance Consultant, for a timeframe of nine months, to assist in the continued review and implementation of enhanced procedures and policies designed to prevent violations of the Advisers Act (2016). Additional information can be found by visiting the SEC's Investment Advisor Public Disclosure site found [here](http://www.adviserinfo.sec.gov/IAPD/Default.aspx) (<http://www.adviserinfo.sec.gov/IAPD/Default.aspx>) and completing the requested information.

In 2018, CIRA self-reported a potential breach of fiduciary duty relating to mutual fund shares held by clients where lower cost share classes of the same fund were available. As a result of the self-reporting by CIRA the SEC determined that CIRA had inadequate disclosures addressing the conflicts of interest related to the receipt of 12b-1 fees and the selection of mutual fund share classes that pay such fees. Therefore, without admitting or denying these allegations, CIRA has agreed to a censure, a monetary payment plus interest to affected investors and has corrected relevant disclosure documents concerning mutual fund share class selection and the conflicts of interest with the receipt of 12b-1 fees. Additional information can be found by visiting the SEC's Investment Advisor Public Disclosure site found [here](http://www.adviserinfo.sec.gov/IAPD/Default.aspx) (<http://www.adviserinfo.sec.gov/IAPD/Default.aspx>) and completing the requested information.

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

#### **Other Financial Industry Activities or Affiliations.**

CIRA is not and does not have a related company that is an (1) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (2) futures commission merchant, commodity pool operator, or commodity trading advisor, (3) banking or thrift institution, or (4) sponsor or syndicator of limited partnerships.

#### **Affiliation with Cambridge Investment Research, Inc.**

CIRA is under common ownership with a registered broker-dealer, Cambridge Investment Research, Inc. ("Cambridge"). CIRA and Cambridge are owned by Cambridge Investment Group, Inc., a holding company that is majority owned by the Schwartz Family Trust.

CIRA Advisor Representatives, acting in their separate capacities as Registered Representatives of Cambridge, sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, alternative investments, and variable annuity and variable life products to advisory clients. As such, some CIRA Advisor Representatives suggest that advisory clients implement investment advice by purchasing securities products through a commission-based Cambridge account in addition to an advisory account. In the event that you elect to purchase these products through Cambridge, Cambridge and your CIRA Advisor Representative, in the capacity as Cambridge Registered Representative, will receive the normal and customary commission



compensation in connection with the specific product purchased. This presents a conflict of interest, as it gives the Cambridge Registered Representative an incentive to recommend investment products on the compensation received, rather than on your needs. CIRA does not require its CIRA Advisor Representatives to encourage you to implement investment advice through Cambridge. You are free to implement investment advice through any broker-dealer or product sponsor you select. However, you should understand that, due to certain regulatory constraints, a CIRA Advisor Representative must place all purchases and sales of securities products in commission-based brokerage accounts through Cambridge or other Cambridge approved institutions.

For non-wrap accounts managed by CIRA and held by NFS or Pershing, our affiliated broker-dealer, Cambridge, acts as the introducing broker for transactions in these accounts and will be paid a ticket charge for each transaction out of your non-wrap accounts. Cambridge essentially pays a portion of each ticket charge to the clearing firm, NFS or Pershing, and keeps the remaining portion of the ticket charge paid by you. Although this retained revenue from the ticket charge is not retained by the CIRA Advisor Representative servicing your account, this is a conflict of interest for CIRA because of the additional compensation. For information on additional fees regarding these ticket charges, please refer to Item 5-Fees and Compensation of this Brochure.

#### **Affiliation with TBS Agency, Inc.**

CIRA is under common ownership with TBS Agency, Inc. (TBS), a licensed insurance agency. CIRA and TBS are owned by Cambridge Investment Group, Inc., a holding company that is majority owned by the Schwartz Family Trust.

Some CIRA Advisor Representatives are licensed life insurance agents with TBS and sell insurance products to CIRA's advisory clients. Therefore, your CIRA Advisor Representative, in the capacity as a licensed life agent, is able to implement insurance recommendations for advisory clients electing to receive this service. In this event, CIRA Advisor Representatives, in their separate capacities as licensed insurance agents, will receive separate and typical commission compensation for insurance and/or annuity sales. Please refer to Item 13.A. of this document for additional information and disclosures regarding CIRA's relationship with TBS.

#### **CIRA Advisor Representatives Affiliated with Independent Investment Adviser Firms**

Some CIRA Advisor Representatives own or are affiliated with Independent Investment Adviser firms. CIRA and the Independent Investment Advisers are not affiliated companies. Some Independent Investment Adviser Representatives provide asset management and similar services through the Independent Investment Adviser, while others only provide financial planning services through the Independent Adviser Firm. Fees for financial planning services provided by an Independent Investment Adviser are separate and distinct from the advisory fees paid to these Advisor Representatives in their capacities as CIRA Advisor Representatives.

Clients that engage an Independent Investment Adviser will receive a copy of the Independent Investment Adviser firm's disclosure document and will execute a client agreement specifying the services provided and fees charged by the Independent Investment Adviser.

#### **CIRA Advisor Representatives Other Business Activities - Accountants**

While CIRA does not have a related person that is an accounting firm, certain CIRA Advisor Representatives are accountants or Certified Public Accountants ("CPAs"). When CIRA Advisor Representatives that are accountants determine that their clients are in need of tax or accounting services, those clients are referred to the CIRA Advisor Representative's accounting firm or practice. In addition, if accounting or tax clients of a CIRA Advisor Representative are in need of financial planning or other advisory services, the CIRA Advisor Representative, acting in his or her separate capacity as an accountant, refer clients to CIRA. Clients are not obligated in any manner to use the services or an accounting firm recommended by a CIRA Advisor Representative.

#### **CIRA Advisor Representatives Other Business Activities - Attorneys**

While CIRA does not have a related person that is a law firm, certain CIRA Advisor Representatives are attorneys. When CIRA Advisor Representatives that are attorneys determine that their clients are in need of legal services, those clients are referred to the CIRA Advisor Representative's law firm or practice. In addition, if legal clients of a CIRA Advisor Representative are in need of financial planning or other advisory services, the CIRA Advisor Representative acting in his or her separate capacity as an attorney refer clients to CIRA. Clients are not obligated in any manner to use the services or a law firm recommended by a CIRA Advisor Representative.

#### **CIRA Advisor Representatives Other Business Activities – Pension Consultants**

Certain CIRA Advisor Representatives are pension consultants and provide pension consulting services separate from their capacity with CIRA. When CIRA Advisor Representatives that provide pension consulting services determine that their clients are in need of such services, those clients are referred to the CIRA Advisor Representative's pension consulting firm. In addition, if pension

consulting clients of a CIRA Advisor Representative are in need of financial planning or other advisory services, the CIRA Advisor Representative acting in his or her separate capacity as a pension consultant refer clients to CIRA. Clients are not obligated in any manner to use the services or a pension consulting firm recommended by a CIRA Advisor Representative.

#### **CIRA Advisor Representatives Other Business Activities – Real Estate and Mortgage**

CIRA does not have a related person that is a real estate broker or dealer; however, certain CIRA Advisor Representatives are real estate agents or mortgage loan originators. In this separate capacity, the CIRA Advisor Representative that is a licensed real estate broker will earn commissions for real estate transactions. CIRA Advisor Representatives that are mortgage brokers will earn commissions when selling or refinancing real estate loans.

To the extent that an advisory client uses a portion of their proceeds from a loan on the client's real estate or from the sale of their real estate, brokered by a CIRA Advisor Representative, to fund their securities account(s), a conflict of interest exists. The conflict is present in that the CIRA Advisor Representative has an incentive to recommend the proceeds be placed in a securities account managed by the CIRA Advisor Representative or used to purchase securities products through the CIRA Advisor Representative in his/her capacity as a Cambridge Registered Representative thus increasing the compensation earned by the CIRA Advisor Representative.

Clients of CIRA are not obligated in any manner to use the mortgage or real estate services provided by CIRA Advisor Representatives.

#### **CIRA Advisor Representatives Other Business Activities – Insurance Agencies**

Some CIRA Advisor Representatives are licensed life insurance agents with various insurance companies and sell insurance products to CIRA's advisory clients. Therefore, the client's CIRA Advisor Representative, in the capacity as a licensed life agent, is able to implement insurance recommendations for advisory clients electing to receive this service. In this event, CIRA Advisor Representatives, in their separate capacities as licensed insurance agents, will receive separate and typical commission compensation for insurance and/or annuity sales. There is a conflict of interest present in that the CIRA Advisor Representative has an incentive to recommend products to be purchased through the CIRA Advisor Representative thus increasing the compensation earned by the CIRA Advisor Representative. Clients of CIRA are not obligated in any manner to use the insurance services provided by CIRA Advisor Representatives.

#### **CIRA Advisor Representatives Other Business Activities – Banking or Thrift Institutions**

Cambridge has established and will continue to establish marketing arrangements with banks and other depository institutions. In certain circumstances, investment advisory services of CIRA are also be marketed through these banks and other depository institutions, provided that such marketing is done in compliance with applicable SEC and state regulations. Further, some CIRA Advisor Representatives conduct business from and/or are affiliated with a bank or other depository institution. These relationships can create compliance issues relative to consumer protection.

#### **Arrangements with Unaffiliated Investment Advisers**

CIRA has developed several programs, previously described in Item 5 of this Disclosure Brochure, designed to allow CIRA Advisor Representatives to recommend and select unaffiliated Investment Advisers for clients. The selected unaffiliated Investment Advisers will act as a third party investment adviser, which includes a solicitor and/or co-advisor roles.

Whenever another Investment Adviser is selected to manage all or a portion of the client's assets, you need to know that the outside Investment Adviser will be paid a portion of the fees you are charged and CIRA and its CIRA Advisor Representative will also receive a portion of the fees you are charged. Please refer to Item 5 for full details regarding the programs, fees, conflicts of interest and materials arrangements when selecting other Investment Advisers.

While CIRA Advisor Representatives endeavor at all times to put the interests of their clients first as a part of CIRA's fiduciary duty, you should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and can affect the judgment of CIRA Advisor Representatives when making recommendations.

In addition to the economic benefits, including assistance and services, detailed above, CIRA and/or Cambridge enters into specific arrangement with product sponsors and other third parties. CIRA Advisor Representatives offer a wide variety of products and programs including mutual funds, annuities, life insurance, and investment wrap programs (collectively referred to as "Approved

Product Companies"). Cambridge and CIRA have entered into various arrangements with some Approved Product Companies referred to as revenue sharing arrangements. Although CIRA and Cambridge endeavor at all times to put the interest of its clients ahead of its own or those of its officers, directors, or representatives ("affiliated persons"), these arrangements present a conflict of interest as they can affect the judgment of Cambridge or its affiliated persons when recommending investment products.

Please review the CIRA and Cambridge Revenue Sharing Disclosure located at [www.cir2.com](http://www.cir2.com) for further information about any of CIRA's revenue sharing arrangements. It is also available upon written request.

Some CIRA Advisor Representatives have entered into an Equity Participation Plan ("EPP") with Cambridge. The EPP Program is a stock appreciation rights program. Once a participant's EPP's units are vested and the years of service requirement is met the participant has a right to the appreciation in value of the same number of shares of Cambridge Investment Group Stock as he/she holds in vested EPP's Units. CIRA Advisor Representatives are not owners or officers of Cambridge. However, CIRA Advisor Representatives are eligible to participate in the EPP due to their affiliation as Registered Representatives of Cambridge or Advisor Representatives of CIRA. This arrangement between these particular CIRA Advisor Representatives and Cambridge is a potential conflict of interest between CIRA and its clients in that it can inhibit CIRA's independent judgment concerning the best execution services offered by Cambridge and its clearing broker-dealers.

Some CIRA Advisor Representatives are eligible to participate in the Cambridge Investment Group, Inc. private stock purchase program. Cambridge Investment Group, Inc. is 100% owner of CIRA and its affiliated broker-dealer Cambridge. CIRA Advisor Representatives who participate in this program do not act as officers of Cambridge. However, they would have a percentage of ownership and have the ability to participate in Cambridge's overall profits. CIRA Advisor Representatives are eligible to participate in the stock purchase program due to their affiliation as Registered Representatives of Cambridge and/or Advisor Representatives of CIRA. This arrangement between certain CIRA Advisor Representatives and Cambridge is a potential conflict of interest between CIRA and its clients in that it can inhibit CIRA's independent judgment concerning the best execution services offered by Cambridge and its clearing broker-dealers.

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

### **Code of Ethics Summary and Offer**

Section 204A-1 of the Investment Advisers Act of 1940 requires all investment advisers to establish, maintain and enforce a Code of Ethics. CIRA has established a Code of Ethics that applies to all of its supervised persons. An investment adviser is considered a fiduciary according to the Investment Advisers Act of 1940. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of its clients at all times. CIRA has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for CIRA's Code of Ethics, which also covers its insider trading and personal securities transactions policies and procedures. CIRA requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with CIRA's Code of Ethics. CIRA has the responsibility to make sure that the interests of all clients are placed ahead of CIRA's or its supervised person's own investment interests. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. CIRA and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of CIRA's Code of Ethics. Clients can review the CIRA Code of Ethics in their entirety by written request or at [www.cir2.com](http://www.cir2.com)

### **Personnel Trading Policy**

From time to time CIRA or one or more of its supervised persons purchases or owns the same securities and investments that CIRA or your CIRA Advisor Representative recommends to you. The fact that some CIRA supervised persons have personal accounts is a conflict of interest due to the potential that a CIRA Advisor Representative devotes more time to monitoring CIRA Advisor Representative personal accounts as opposed to spending that time on the review and monitor of client accounts. In addition, there is a potential that CIRA Advisor Representatives favors their personal accounts over client accounts. When the recommendation to you involves individual stocks, stock options, bonds, and other general securities there can be a conflict of interest with you because the CIRA Advisor Representative has the potential to engage in practices such as front-running, scalping, and other activities that are potentially detrimental to clients.

CIRA has adopted policies and procedures to ensure that such conflicts are fully disclosed and that neither CIRA, nor its CIRA Advisor Representatives nor supervised persons trade ahead of or otherwise against the interest of clients. It is the policy of CIRA that the interests of client accounts are placed ahead of the interests of CIRA accounts and personal accounts of CIRA supervised persons.

CIRA's supervised persons cannot effect for himself or herself, or his or her immediate family (i.e., spouse, minor children, and adults living in the same household as the associated person), or for trusts for which the supervised person serves as trustee or in which the associated person has a beneficial interest, any transactions in a security which is published on the CIRA Restricted Trading List on behalf of any of CIRA's clients without prior approval from the Chief Compliance Officer or his/her designee.

The foregoing policies and procedures are not applicable to (1) transactions in any account which neither CIRA nor its advisory affiliates has any direct or indirect influence or control, and (2) transactions in securities that are direct obligations of the U.S. government, bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short term debt instruments, including repurchase agreements or shares issued by registered open-end investment companies.

CIRA recognizes that some securities being considered for purchase or sale on behalf of its client's trade in sufficiently broad markets without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions are made to CIRA's Code of Ethics.

CIRA has also established policies and procedures to ensure that its supervised persons avoid conflicts of interest and comply with applicable provisions of The Insider Trading and Securities Fraud Enforcement Act of 1988 ("ITSFEA"). To avoid potential conflicts of interest with clients and to ensure compliance with ITSFEA, CIRA, among other things, does the following:

- Provides ongoing continuing education regarding avoiding conflicts of interest and complying with ITSFEA.
- Requires supervised persons to report quarterly securities trading in personal accounts (except for those investments excluded from the requirement such as mutual funds), which are monitored by the Compliance Department.
- Prohibits supervised persons from executing securities transactions for clients or on their personal accounts based on information that is not available to the public upon reasonable inquiry.
- Informs clients that they are not required to purchase securities through CIRA or its CIRA Advisor Representatives, although if they choose to purchase securities through their CIRA Advisor Representative the transaction must be effected through Cambridge or a Cambridge approved trading platform.

#### **Agency Cross Transactions**

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory clients and for another person on the other side of the transaction. Agency cross transactions typically arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Agency cross transactions are permitted for advisers only if certain conditions are met under Section 206(3) of the Investment Advisers Act of 1940 or SEC Rule 206(3)-2.

As a fiduciary, the interests of CIRA's clients must always be placed first. CIRA's trading policies and procedures prohibit unfair trading practices and seek to avoid conflicts of interests, where possible, or to disclose conflicts when they arise. CIRA will attempt to resolve conflicts in the client's favor when reasonably possible.

CIRA engages in an agency cross transaction only when it is deemed to be in the best interests of both clients and neither client is disfavored. Such cross transactions will only be used when it can be determined that doing so would achieve "best execution" and benefit the clients involved by saving commissions, market impact costs, and other transaction charges. Agency cross transactions involving an advisory client will be transacted without any compensation, outside of the normal advisory fee, unless specifically approved by CIRA's Chief Compliance Officer in compliance with the above criteria and in accordance with either Section 206(3) of the Investment Advisers Act of 1940 or SEC Rule 206(3)-2.

Where compensation is approved for an agency cross transaction involving advisory clients, CIRA will provide a written disclosure to the customers that Cambridge will act as broker for, receive compensation from, and have a potential conflicting division of loyalties regarding both parties to the transaction. CIRA will also receive written, executed consent from the client prospectively authorizing CIRA and Cambridge to effect agency cross transaction in client's accounts.

Where compensation is charged, CIRA and Cambridge will send to each client at or before completion of the transaction, information which includes the date of the transaction, a statement of the nature of the transaction, an offer to furnish the time the transaction took place, and the total of all compensation received. Cambridge through its clearing firm will provide each client, who was a party to an agency cross transaction for compensation, an annual written disclosure statement identifying the total number of agency cross transactions since the last statement, and the total compensation received.

It should be noted that agency cross transactions can only be processed through Cambridge accounts and such transactions are not available through Institutional RIA Account platforms such as Charles Schwab & Company, Inc. and TD Ameritrade.

### **Principal Transactions**

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliate, buys a security from or sells a security to an advisory client as opposed to carrying out trades through another broker-dealer. CIRA executes client orders for certain types of securities on a principal basis in advisory accounts managed by CIRA.

It is CIRA's policy that no additional compensation, outside of the normal advisory fee, will be charged to an advisory client account due to the implementation of the principal transaction. CIRA has adopted policies and procedures to ensure that, to the extent it engages in any principal transactions, such transactions comply with Section 206(3) of the Advisers Act, which requires prior notice of and consent to a principal transaction, on a transaction-by-transaction basis. Disclosure will generally come directly from the broker-dealer or custodian. CIRA uses its affiliated broker-dealer, Cambridge to help facilitate a principal transaction.

## **Item 12 – Brokerage Practices**

Clients wishing to implement CIRA's financial planning advice are free to select any broker-dealer or Investment Adviser they wish. When you decide to implement advice through a CIRA Advisor Representative, you will be required to establish an account through a trading platform that is approved by CIRA. CIRA allows its CIRA Advisor Representatives to manage accounts through a number of different brokerage arrangements. The ultimate decision to recommend or require a certain CIRA approved broker-dealer is typically made by the CIRA Advisor Representative, but must be agreed to by you. Accounts managed by CIRA are typically separate accounts, which means that you will have direct ownership of the account and must establish the account in your name. Broker-dealers approved for use by CIRA and recommended by CIRA Advisor Representatives are registered with the SEC and a member of FINRA/SIPC.

As previously stated, some CIRA Advisor Representatives are also Registered Representatives of Cambridge. These dually registered CIRA Advisor Representatives are restricted by certain FINRA rules and policies from maintaining client accounts at or executing client transactions in such client accounts through any broker-dealer or custodian that is not approved by Cambridge. Therefore, trading platforms must be approved not only by CIRA, but also by Cambridge. It should be noted that not all investment advisers require their clients to use specific or particular broker-dealers or other custodians required by the investment adviser. This presents a conflict of interest because the fees charged by Cambridge and the approved custodians can be higher or lower than those charged by other broker-dealers and custodians.

Cambridge, an affiliated broker-dealer, acts as broker for transactions in some accounts and will be paid a ticket charge and/or commission for each transaction out of your non-wrap accounts held at NFS or Pershing. Cambridge essentially pays a portion of each ticket charge to the clearing firm, NFS or Pershing, and keeps the remaining portion of the ticket charge paid by you. Even though these payments are not shared with your CIRA Advisor Representative, the receipt of these additional payments create a conflict of interest because of the increased compensation to Cambridge.

In the interest of ensuring that trading activity in an advisory account is in the best interest of advisory clients, CIRA monitors the amount of trading activity, the corresponding amount of ticket charges paid from its advisory accounts and best execution.

In certain circumstances, product sponsors or custodians provide CIRA as the RIA or a CIRA Advisor Representative with additional revenue or expense reimbursements to aid in the transfer costs associated with moving from another firm to Cambridge, held at Pershing or NFS. In most cases, this additional compensation is passed on to the CIRA Advisor Representative who, in turn, use it to assist with expenses or to reimburse their client for costs incurred during a transfer. This activity represents a conflict of interest because of the benefits received by CIRA or the CIRA Advisor Representative.

### **Accounts Established through Cambridge**

If you wish to have CIRA Advisor Representatives implement advice through an investment management program that uses NFS or Pershing, then CIRA's affiliated broker-dealer, Cambridge, must be used. CIRA Advisor Representatives who are also Registered

Representatives of Cambridge are required to use the services of Cambridge and Cambridge's approved clearing broker-dealers when acting in their capacity as Registered Representatives. Cambridge serves as the introducing broker-dealer. All brokerage accounts established through Cambridge will be cleared and held at either NFS or Pershing. CIRA and Cambridge are not related or affiliated with NFS or Pershing.

Cambridge has a wide range of approved securities products for which Cambridge performs due diligence prior to selection. Cambridge's Registered Representatives are required to adhere to these products when implementing securities transactions through Cambridge.

The requirement to use Cambridge is based on CIRA's decision that CIRA can provide efficient and cost-effective services through its affiliated broker-dealer. The requirement to use NFS and Pershing is based on the fact that Cambridge has established clearing agreements with NFS and Pershing as its preferred clearing broker-dealer and qualified custodian. Because CIRA and Cambridge are under common ownership and have mutual executive officers and control persons, the decision to use NFS and Pershing is mutually determined by both Cambridge and CIRA. The decision to use NFS and Pershing is based on past experiences, minimizing commissions and other costs as well as offerings or services NFS and Pershing provide that Cambridge, CIRA or clients require or find valuable such as online access. Other services include, but are not limited to, account custody, trade execution services, clearing services, access to information and, for a fee, electronic trade entry and account information look-up services for Registered Representatives and clients, record-keeping services, exception reporting and access to various financial products, including "No Transaction Fee" mutual funds ("NTFs"). NTFs are standard mutual funds that are purchased for investment advisory accounts at no cost to CIRA, the CIRA Advisor Representative or the client. Clients should be aware, however, that some mutual funds in this NTF program have higher internal expenses than mutual funds that are not in the NTF program. A conflict of interest exists because clients could pay commissions and other fees to Cambridge, NFS and Pershing that are higher than those obtainable from other broker-dealers and custodians in return for products and services offered through CIRA and Cambridge.

CIRA and/or Cambridge enter into specific arrangements with product sponsors and other third parties. CIRA Advisor Representatives offer a wide variety of products and programs including mutual funds, annuities, life insurance, and investment wrap programs (collectively referred to as "Approved Product Companies"). Cambridge and CIRA have entered into various arrangements with some Approved Product Companies referred to as revenue sharing arrangements. Although CIRA and Cambridge endeavor at all times to put the interest of their clients ahead of their own or those of their officers, directors, or representatives ("affiliated persons"), these arrangements can affect the judgment of Cambridge or its affiliated persons when recommending investment products. These situations present a conflict of interest that can affect the judgment of our affiliated persons. Please review the CIRA and Cambridge Revenue Sharing Disclosure located at [www.cir2.com](http://www.cir2.com) for further information about any of CIRA's revenue sharing arrangements. It is also available upon written request.

As mentioned above, Cambridge is a participant in Pershing's FUNDVEST® ticket charge program, and NFS' Funds Network® ticket charge program, through these programs Cambridge receives revenue. Even though these payments are not shared with your CIRA Advisor Representative, the receipt of these additional payments create a conflict of interest because of the increased compensation to Cambridge.

### **Cash Sweep Options**

Cambridge provides clients with access to different cash sweep vehicles including certain money market funds that are used to automatically invest cash balances in your brokerage account awaiting reinvestment. Cambridge receives payments when cash is placed into a money market sweep, or if you simply hold cash in your account outside of a sweep vehicle. This presents a conflict for Cambridge due to the financial benefit that is received by Cambridge. Cambridge does not share any portion of this compensation with your CIRA Advisor Representative. Money market funds can lose value and have done so in the past. It is important to discuss your options with your CIRA Advisor Representative as they can help determine the right sweep option for you. Included in the cash sweep vehicles, Cambridge offers a core account sweep feature, in which cash balances pending reinvestment in eligible brokerage accounts are swept daily to and from an investment account to a sweep account which will immediately begin earning interest in a Federal Deposit Insured Corporation ("FDIC") insured multi bank account program ("Program"). FDIC sweep programs offer greater safety and liquidity than other options available to Cambridge clients.

Available cash in eligible brokerage accounts are deposited through a Program into interest-bearing deposit accounts at one or more FDIC-insured depository institutions set forth in the list of depository institutions participating in the Program ("Program Banks").

If a Program is selected for your account, cash balances will be deposited with participating program banks. You are not required to

select this option and can choose any cash sweep option you prefer that is available for your account. There are other transactional cash options available to you, including 1) sweeping into one of other available uninsured money funds where funds may not be immediately available to you; 2) choosing no sweep option, with the cash held in the Pershing or NFS account earning no interest, where funds are available upon request; or 3) trading into another possibly uninsured cash position where funds are not immediately available. Returns to you for these other options can be higher or lower than a Program. You will make your selection, at the time of account opening, thru your account opening documents. If you do not choose a cash sweep option, and if your account is eligible for FDIC insurance, a Program will be used for your account. If your account is not eligible for FDIC insurance, the Federated Government Reserves money market fund will be used for your Pershing account and Fidelity Government Capital Reserves will be used for your NFS account.

It is important to understand that the cash balance held in your account by NFS or Pershing that is not in a Program is not FDIC insured. However, it is covered by SIPC up to certain limits. For more information about SIPC coverage, please visit [www.sipc.org](http://www.sipc.org). Not all broker-dealers offer FDIC insured bank deposit sweep vehicles or have the same access and features.

Program Banks pay a rate that is lower than the prevailing interest rates paid in other interest bearing accounts, and money market funds pay a higher interest rate on invested funds.

Cambridge receives a fee from each Program Bank that participates in a Program. The interest rate payable to clients is based on the amounts paid by the Program Banks to Cambridge less a fee retained by Cambridge which in no event exceeds Fed Funds + 0.5% on an annualized basis. Cambridge earns the fee from the participating Program Banks for administration of the Program. In our discretion we will reduce our fee. The amount of the reduction will vary client by client and advisor by advisor. The fee will also vary from Program Bank to Program Bank. The amount of interest paid on deposits will affect the fee we receive. The fee that Cambridge receives differs between clients who use NFS as their clearing firm from those who use Pershing.

In addition to Cambridge's fee, other service providers with respect to a Program will receive fees from each Program Bank. Cambridge's clearing firms Pershing and NFS, depending on which clearing firms is utilized, and StoneCastle Insured Sweep LLC, all receive fees for recordkeeping and administrative services.

You can find more specific information about the NFS program by reviewing NFS's [Cambridge Investment Research, Inc. Insured Bank Deposit Program Disclosure Document](#). You can find more specific information about Pershing's program by reviewing the [Cambridge Investment Research, Inc. Insured Bank Deposit Program Disclosure Document](#).

The use of a Program along with other sweep options creates a conflict of interest due to the financial benefits for Cambridge, clearing firms NFS and Pershing, as well as the Program Banks. The revenue for Cambridge that is generated from a Program is greater than other sweep options currently available to you. Therefore, CIRA has an incentive to place your cash in a sweep program(s). The tiers and rates used to calculate fees does not vary by client. Even though these payments are not shared with your CIRA Advisor Representative, the receipt of these additional payments create a conflict of interest because of the increased compensation to Cambridge.

For help with understanding the best option for your account please contact your CIRA Advisor Representative.

#### **Accounts Established through Institutional RIA Account Platforms**

CIRA has entered into several arrangements with broker-dealers that offer institutional RIA platforms. An institutional RIA platform allows a client to grant a CIRA Advisor Representative limited power of attorney to have trading authority over the client's account held by the broker-dealer. CIRA has a number of approved custodians. While there are others, the most commonly used are Schwab Institutional, TD Ameritrade Institutional, Fidelity Institutional Wealth Services and Pershing Advisor Solutions. CIRA is independently owned and operated and not affiliated with any of these companies.

CIRA's decision to approve an institutional RIA platform for use by its CIRA Advisor Representatives is based on numerous factors. Institutional trading and custody services are typically not available to the same providers' retail investors. Institutional services generally are available to investment advisers on an unsolicited basis at no charge to them.

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

CIRA and/or Cambridge enter into specific arrangements with product sponsors and other third parties. CIRA Advisor Representatives offer a wide variety of products and programs including mutual funds, annuities, life insurance, and investment wrap programs (collectively referred to as “Approved Product Companies”). Cambridge and CIRA have entered into various arrangements with some Approved Product Companies referred to as revenue sharing arrangements. Although CIRA and Cambridge endeavor at all times to put the interest of their clients ahead of their own or those of their officers, directors, or representatives (“affiliated persons”), these arrangements can affect the judgment of Cambridge or its affiliated persons when recommending investment products. These situations present a conflict of interest that can affect the judgment of our affiliated persons. Please review the CIRA and Cambridge Revenue Sharing Disclosure located at [www.cir2.com](http://www.cir2.com) for further information about any of CIRA’s revenue sharing arrangements. It is also available upon written request.

For client accounts maintained on an institutional platform, the institutional platform does not charge separately for custody of an account but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through or that settle into platform accounts.

When evaluating institutional RIA platforms, CIRA considers other products and services that assist CIRA in managing and administering client accounts. While these products and services benefit CIRA and CIRA Advisor Representatives, they do not necessarily benefit every CIRA client. Services and products that CIRA actively considers and evaluates 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 CIRA’s fees from its clients’ accounts; assist with back-office functions; and recordkeeping and client reporting. Many of these services generally are used to service all or a substantial number of CIRA accounts, including accounts not maintained on the institutional RIA platform that provides the services. CIRA will also evaluate services available that are intended to help CIRA and CIRA Advisor Representatives manage and further develop its business enterprise. These services include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, institutional RIA platforms make available, arrange and/or pay for some of these types of services rendered to CIRA and its CIRA Advisor Representatives by an independent third party providing these services to CIRA. While as a fiduciary, CIRA endeavors to act in its clients’ best interests, CIRA Advisor Representatives’ recommendations or requirements that clients maintain their assets in accounts at a particular institutional RIA platform is based in part on the benefit to the CIRA Advisor Representative of 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 the institutional RIA platform, which creates a potential conflict of interest.

#### **Accounts Established through WealthPort**

WealthPort accounts will be established at Cambridge, with NFS and Pershing serving as the clearing broker-dealer. The decision to recommend or require NFS or Pershing is typically made by the CIRA Advisor Representative with consent from you. However, in some cases a certain strategy may only be available through one of the clearing broker-dealers. Other reasons to require the use of Cambridge and recommend/require NFS or Pershing are the same as those outlined in the section above, Accounts Established through Cambridge.

#### **Best Execution**

As a fiduciary, CIRA owes a fiduciary duty to its clients to obtain best execution of their transactions. That duty puts forth that an investment adviser generally must execute securities transactions in such a manner that the total cost or proceeds in each transaction is the most favorable under the circumstances. However, clients must understand that best execution does not necessarily mean the lowest available price. Instead, the totality of the arrangement and services provided by a broker-dealer must be examined to determine a qualitative measure of best execution. Based on these principles, commission and fee structures of various broker-dealers are periodically reviewed by the Best Execution Committee in order to evaluate the execution services provided by Cambridge and all of the unaffiliated broker-dealers and custodians used by CIRA. Accordingly, while CIRA does consider competitive rates, it does not necessarily obtain the lowest possible commission rates for client account transactions. Therefore, the overall services provided by Cambridge and all of the unaffiliated broker-dealers and custodians are evaluated to determine best execution.

Clients should consider that in light of Cambridge’s limited approved trading platforms for CIRA accounts and the fact that only some of the approved trading platforms accommodate the investment strategy recommended by the client’s CIRA Advisor Representative, that CIRA Advisor Representatives are limited in their ability to obtain the best execution price and lowest execution costs for each transaction or the product with the lowest internal expenses. Not all investment advisers restrict or limit the broker-dealers their clients can use. Some investment advisers permit their clients to select any broker-dealer of the client’s



own choosing. Therefore, clients can pay higher commissions or trade execution charges through the trading platforms approved by CIRA and Cambridge than through other platforms for investment advisory accounts.

### **Trade Aggregation**

Transactions implemented by CIRA for client accounts are generally effected independently, unless a CIRA Advisor Representative decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by a CIRA Advisor Representative when the CIRA Advisor Representative believes such action proves advantageous to clients. When CIRA Advisor Representatives aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. While there is more than one process for allocating, generally the transactions will be averaged as to price and will be allocated among the CIRA Advisor Representative's clients in proportion to the purchase and sale orders placed for each client account on any given day. It should be noted, CIRA does not allow CIRA Advisor Representatives to receive any additional compensation or remuneration as a result of aggregation.

Because CIRA does not require CIRA Advisor Representatives to aggregate trades, not all trades are aggregated even when there is an opportunity to do so. When trades are not aggregated, clients will not always see the effects of lower commission per share costs that often occurs as a result of aggregating trades and as a result, pay a higher transaction cost than could be received elsewhere. Finally, it should be noted that CIRA does not aggregate mutual fund transactions.

### **Handling of Trade Errors**

It is CIRA's policy to ensure trading errors are handled and corrected in a timely manner in the best interests of the client affected by the error. Specifically, when CIRA or a CIRA Advisor Representative causes a trade error to occur in a client account that results in a loss, CIRA works with the relevant broker-dealer or custodian in order to reimburse any costs paid by the client, and make whole the client transaction as it should have originally taken place/or not taken place. If the trade error results in a gain and Cambridge executed the transaction, Cambridge will keep that gain to offset future losses. The retained gain is not shared with the CIRA Advisor Representative or account owners.

All trade errors should be corrected within a reasonable period of time following discovery of the error. CIRA will not use commissions from client accounts to correct trade errors. It is the strict policy of CIRA that CIRA Advisor Representatives are not permitted to make payments to clients or to client accounts.

## **Item 13 – Review of Accounts**

CIRA Advisor Representatives are in charge of providing all investment advice and conducting ongoing reviews of all accounts for their respective client accounts. CIRA Advisor Representatives are also in charge of selecting and/or recommending third party investment advisers to their respective clients. Therefore, you will need to contact your CIRA Advisor Representative for the most current information and status of your accounts.

For managed accounts, reviews are provided on an ongoing basis, typically based on a schedule agreed upon by you and your CIRA Advisor Representative. CIRA does not impose a specific review schedule that all CIRA Advisor Representatives must follow. Generally the calendar is the main triggering factor for client reviews. However, more frequent reviews can be provided to any account depending on, among other issues, changes to your financial situation, personal situation or changes in market conditions. You will generally receive an annual letter from Cambridge confirming this personal information.

Your investment advisory accounts are reviewed by the CIRA Advisor Representative or by Cambridge for CAAP and UMA accounts to analyze if the account is being managed in accordance with the client's chosen investment objective, that the account is properly balanced, if it is being managed according to a specific asset allocation model, and to verify the accuracy of account holdings and fee deductions. For accounts managed by third party investment advisers, the third party investment adviser is responsible for managing the account and will conduct reviews and the CIRA Advisor Representative will monitor the performance of the third party investment advisor.

Although not every CIRA Advisor Representative provides an annual financial review to every client, CIRA encourages you to request such a review to discuss with your CIRA Advisor Representative such things as account performance, changes in your investment objectives, goals, and financial situation, tax planning, estate planning, retirement planning and any other questions the client has

concerning their investment portfolio. If you receive only financial planning services, you are charged a separate fee for meetings with your CIRA Advisor Representative. You should read carefully the agreement with CIRA to determine the amount of such separate fees, if any.

In addition to the reviews provided by the CIRA Advisor Representatives, the Cambridge home office also reviews transaction suitability for accounts managed by CIRA Advisor Representatives. Cambridge also conducts due diligence reviews of custodians and third party Investment Advisers approved for use by CIRA Advisor Representatives.

### **Client Reports and Statements**

You will receive confirmations of purchases and sales in their accounts. You will also receive account statements quarterly and/or monthly containing account information such as account value, transactions and other relevant account information. Confirmations and statements will come directly from the custodians, sponsor companies or third party investment advisers. CIRA urges you to review the contents of these custodial statements and compare them against the reports provided directly from CIRA or your CIRA Advisor Representative.

Some clients also receive periodic reports reflecting the performance of their investment portfolio over a specified period. CIRA offers this optional performance reporting solutions to its CIRA Advisor Representatives who utilize the Cambridge Investment Management Platform and WealthPort.

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

### **Other Compensation**

CIRA Advisor Representatives, in their separate capacities as Registered Representatives of Cambridge, receive commissions from the execution of securities transactions. Although not shared with CIRA Advisor Representatives, CIRA's affiliated broker-dealer, Cambridge, receives a portion of the ticket charges for non-wrap accounts managed by CIRA and held at NFS or Pershing. In addition, certain mutual fund companies, as outlined in the fund's prospectus, pay 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from client assets. With your managed accounts, 12b-1 (marketing and distribution) fees and trail earned will be credited to your account at the clearing firm whenever possible. When 12b-1 fees and trails earned are not credited to your account, the investment advisory fee will be lowered, or offset by that amount.

In WealthPort CAAP, Cambridge performs certain administration activities to implement and monitor the trades recommended by the strategists and imposes an administration fee to each strategist. Cambridge does have the ability to waive or reduce the administration fee in certain circumstances. This additional compensation is based on the amount of assets invested in the strategist's portfolios. The administration fee does not affect the overall cost to the client.

CIRA Advisor Representatives that are licensed insurance agents, including those approved to conduct business under CIRA's affiliated insurance company, TBS, receive commissions and other incentive awards for the recommendation and/or sale of annuities and other insurance products. The receipt of this compensation can affect the judgment of CIRA's Advisor Representatives when recommending insurance products to their clients.

In certain circumstances, CIRA Advisor Representatives receive additional benefits for when more assets are held through the Investment Management Platform and WealthPort. Benefits include, but are not limited to, reduced charges for technology, conference, platform and E&O fees and costs.

While CIRA and CIRA Advisor Representatives endeavor at all times to put the interests of their clients first as a part of CIRA's fiduciary duty, you should be aware that the receipt of commissions and additional compensation and benefits creates a conflict of interest, and can affect the judgment of CIRA and your CIRA Advisor Representatives when making recommendations or offering services of its affiliated broker-dealer, Cambridge.

In addition to the economic benefits, including assistance and services, detailed above, CIRA and/or Cambridge enters into specific arrangements with product sponsors and other third parties. CIRA Advisor Representatives offer a wide variety of products and programs including mutual funds, annuities, life insurance, Institutional RIAs and investment wrap programs (collectively referred to as "Approved Product Companies"). Cambridge and CIRA have entered into various arrangements with some Approved Product Companies referred to as revenue sharing arrangements. Although CIRA and Cambridge endeavor at all times to put the interest of

their clients ahead of their own or those of their officers, directors, or representatives ("affiliated persons"), these arrangements could affect the judgment of CIRA, Cambridge or its affiliated persons when recommending investment products. These situations present a conflict of interest that can affect the judgment of our affiliated persons because of the benefits received. Please review the CIRA and Cambridge Revenue Sharing Disclosure which can be found at [www.cir2.com](http://www.cir2.com) for further information about any of CIRA's revenue sharing arrangements. It is also available upon written request.

CIRA has an arrangement with Charles Schwab & Co., Inc. ("Schwab") and Cambridge whereby Schwab pays Cambridge a fee equal to a fixed basis point percentage of the total assets in certain mutual funds of certain client accounts of CIRA supervised employees, principals, and/or officers who are Registered Representatives of Cambridge. The fee that Schwab pays Cambridge represents a significant amount of the mutual fund service fees that Schwab receives. The fee is in recognition of certain shareholder servicing that Registered Representative affiliate(s) of CIRA perform in respect of those assets. Because CIRA receives an economic benefit, there is a conflict of interest in recommending to clients that they use Schwab as custodian and invest their assets in certain mutual funds.

Cambridge participates in a program where CIRA Advisor Representatives can refer clients to StoneCastle Cash Management, LLC into the FICA Program, a deposit bank account program. You can make a deposit and the amount will have 100% Federal Deposit Insurance Corporation ("FDIC") or National Credit Union Administration ("NCUA") insurance coverage up to prescribed amounts. Once an account is accepted by StoneCastle, Cambridge receives a payment based on the amount that is on deposit. Even though this payment is not shared with the CIRA Advisor Representative, it represents a conflict of interest due to the compensation received by Cambridge.

CIRA also has a conflict of interest in exercising the discretionary authority to buy and hold shares of mutual funds on behalf of Clients.

#### **Loans and other compensation to CIRA Advisor Representatives**

Some CIRA Advisor Representatives receive a loan and/or grant from Cambridge at the time of their affiliation with the firm. The loan and/or grant is typically used to assist with costs associated with transitioning from their prior firm to Cambridge. If the amount of the loan or grant exceeds the cost of transition, the recipient uses the remaining funds for other purposes, such as normal operational costs. Some loans are forgiven based on certain criteria such as maintaining certain asset levels and tenure with the firm.

The receipt of a loan or grant from Cambridge presents a conflict of interest in that the CIRA Advisor Representative has a financial incentive to maintain a relationship with Cambridge and recommend Cambridge to clients. However, to the extent that the CIRA Advisor Representative recommends Cambridge to clients, it is because he/she believes that it is in the client's best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by Cambridge and its affiliates.

Some CIRA Advisor Representatives receive transition assistance which can include but are not limited to technology services, administrative support, reimbursement of fees associated with moving accounts and attendance to conferences. This practice represents a conflict of interest in that the CIRA Advisor Representative has a financial incentive to affiliate with and recommend Cambridge to clients.

#### **Compensation Paid for Client Referrals**

##### **Solicitors – Referring Parties**

CIRA and its CIRA Advisor Representatives enter into arrangements with individuals ("Solicitors") who will refer clients that are candidates for investment advisory services to CIRA. In return, CIRA agrees to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with CIRA. Compensation to the Solicitor will be an agreed upon percentage of CIRA's investment advisory fee or a flat fee depending on the type of advisory services CIRA provides to clients.

It should be noted that not all CIRA Advisor Representatives work with Solicitors. In fact, most CIRA Advisor Representatives do not use Solicitors. CIRA's referral program will be in compliance with federal or state regulations (as applicable). All solicitation/referral fees are paid pursuant to a written agreement retained by both CIRA and the Solicitor. Solicitors are required to provide the client with a copy of CIRA's Form ADV Part 2A and a Solicitor Disclosure Statement at the time of solicitation and CIRA

will obtain acknowledgement from the client of receiving those disclosures. Acknowledgement must be obtained prior to or at the time of entering into any investment advisory contract with CIRA. Solicitors are not permitted to offer clients any investment advice on behalf of CIRA. The advisory fee charged to clients can increase as a result of compensation being shared with the Solicitor.

### ***Referral Arrangements with Representatives of Unaffiliated Broker-Dealers***

Certain CIRA Advisor Representatives have entered into arrangements with Registered Representatives of outside broker-dealer firms whereby the Registered Representatives of the outside broker-dealer firm will refer clients to Cambridge and the CIRA Advisor Representative in his/her separate capacity as a Cambridge Registered Representative.

### ***Marketing Arrangements with Financial Institutions***

Cambridge has established and will continue to establish marketing arrangements with banks, credit unions and other financial institutions. In certain circumstances, investment advisory services of CIRA are also marketed through these banks, credit unions and other financial institutions, provided that such marketing is done in compliance with applicable SEC and state regulations. Further, some CIRA Advisor Representatives conducting business from and/or affiliated with a bank or other financial institution. As a result of these marketing agreements, the financial institution receives compensation representing payment for the use of the facilities and equipment of the financial institution(s), in the form of program support or rent payment and/or a portion of advisory fees or securities commissions paid to the CIRA Advisor Representatives/Registered Representatives for sales to customer/members of the financial institution.

These relationships create compliance issues relative to consumer protection.

The joint guidelines of regulators of the depository institution call for, at a minimum, both written and verbal disclosure at or prior to the time securities products are purchased or sold that such securities products:

- Are not insured by the Federal Deposit Insurance Corporation (FDIC), or any other federal or state deposit guarantee fund or other government agency;
- Not endorsed or guaranteed by the bank or credit union or their affiliates;
- Are not deposits or obligations of the depository institutions and are not guaranteed by the depository institutions;
- Investments and securities are subject to investment risks, including possible loss of principal invested.

## **Item 15 – Custody**

Custody, as it pertains to an Investment Adviser, has been defined by the SEC as having access or control over client funds and/or securities, but does not include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an Investment Adviser has the ability to access or control client funds or securities, the Investment Adviser is deemed to have custody for purposes of the Investment Advisers Act of 1940 and must ensure proper procedures are implemented.

Based on the SEC's definition, CIRA is deemed to have custody of most of CIRA's advisory accounts. For accounts over which CIRA are deemed to have custody:

1. CIRA has established procedures to ensure all client funds and securities are held at a qualified custodian (for example: NFS, Pershing, Schwab, TD Ameritrade) in a separate account for each client under that client's name.
2. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements. When clients have questions about their account statements, they should contact their CIRA Advisor Representative or the qualified custodian preparing the statement. Clients also receive reports regarding their accounts from CIRA or their CIRA Advisor Representative. Such reports are not considered a replacement for custodial statements. Clients are urged to compare any reports generated and delivered from CIRA or their CIRA Advisor Representative against the account statements delivered from the qualified

custodian.

3. In accordance with SEC regulations, CIRA is subject to an annual surprise verification examination and Cambridge also participates in an annual internal control review.
  - a. The purpose of an annual surprise verification examination is to verify that the funds and securities of which CIRA has custody actually exist and are located at the applicable qualified custodian. The annual surprise verification examination is performed by a third party accounting firm that is not affiliated in any way with CIRA or Cambridge.
  - b. An internal control report must include an opinion of an independent public accounting firm as to whether controls have been placed in operation as of a specific date, and are suitably designed and are operating effectively to meet control objectives relating to custodial services held by Cambridge on behalf of CIRA clients. The accounting firm must also verify that funds and securities of which CIRA is deemed to have custody are reconciled to a custodian other than Cambridge. The internal control report is prepared by a third party accounting firm, not affiliated in any way with CIRA or Cambridge and is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB).

**\*\* Please note that payment for fees, securities and any other items cannot be made payable to a CIRA Advisor Representative, their staff members or entities owned by the CIRA Advisor Representative. Payment for planning services (e.g. financial planning) must be made payable to Cambridge Investment Research, Inc. as paying agent. By written agreement, fee payments are assigned by CIRA to be made payable to its affiliated broker-dealer, Cambridge. Payment for the purchase of securities and for the purpose of funding an account must be made payable to the account's qualified custodian. The qualified custodian for a CIRA client account will never be CIRA, CIRA Advisor Representatives or Cambridge.**

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

Upon receiving written authorization from you, your CIRA Advisor Representatives can provide discretionary investment management services for your accounts. When discretionary authority is granted, it is limited to discretionary trading authority, but in some cases includes the authority to determine commission rates paid by you. When discretionary trading authority is granted, the CIRA Advisor Representative will have the authority to determine the type of securities and the amount of securities that can be bought or sold in an account without obtaining the client's consent prior to each transaction. CIRA's discretionary authority will be granted by the client in the appropriate CIRA agreement. Although discretionary trading authority can result in the purchase of or the deposit of "load" products in a client's account, it is CIRA's policy to offset the "load", or a portion thereof, against the investment advisory fee.

Clients participating in WealthPort must grant discretionary trading authority to CIRA and/or the CIRA Advisor Representative. This authority allows CIRA to make investment changes in accounts without contacting the client prior to each transaction. Discretionary trading authority is granted by the client in the agreement for services.

If you decide to grant trading authorization on a non-discretionary basis, your CIRA Advisor Representative is required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject your CIRA Advisor Representative's investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, your CIRA Advisor Representative will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to your CIRA Advisor Representative, it can have an adverse impact on the timing of trade implementations and the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that are purchased in an account. Clients can also place reasonable limitations on the discretionary power granted to CIRA and CIRA Advisor Representatives, so long as the limitations are specifically set forth or included as an attachment to the appropriate CIRA agreement.

CIRA Advisor Representatives have the option to purchase fixed income securities through fixed income broker-dealers in order to obtain a better price for you and then have the bonds delivered into your brokerage account. This practice can be referred to as trading away. This is the only case in which a CIRA Advisor Representative can select a broker-dealer to be used without your specific consent. The client's primary broker-dealer and custodian can charge the client a transaction fee for trading away through other broker-dealers.

Select third party managers allow for you to grant discretion to their CIRA Advisor Representative for limited activities (i.e. strategical changes).

You are encouraged to discuss with your CIRA Advisor Representative the positives and negatives of authorizing discretion on your accounts.

### Item 17 – Voting Client Securities

- As an investor in a publicly traded company and other investments, you will have the opportunity to participate in certain actions by the company or the investment. This is often referred to as “proxy-voting” or participating in corporate actions. The following are important disclosures regarding CIRA’s proxy-voting policies and procedures. Please know that CIRA and CIRA Advisor Representatives do not vote proxies and other corporate actions on behalf of our clients. It is your responsibility to vote all proxies for securities held in accounts being managed by CIRA, including accounts setup through CAAP®.
- If an account is maintained on behalf of a plan subject to ERISA, it is important that you know proxy voting is considered to be a plan asset and that CIRA, as the investment manager, has the obligation to make certain all proxies are voted unless the plan document (not this Disclosure Brochure) states that the right to vote proxies has been reserved to the plan trustees. Because we do not vote proxies, you must ensure the applicable ERISA-plan documents reserve to the plan trustees the right to vote proxies and that you shall maintain exclusive responsibility for determining all proxy voting decisions. You will receive proxy materials directly from your custodian or transfer agent.
- Although CIRA does not vote proxies, we permit CIRA Advisor Representatives to answer your questions regarding proxy voting materials in an effort to assist you in determining how to vote the proxy. However, the final decision of how to vote the proxy rests solely with you. It is the decision of each CIRA Advisor Representative to consult with their clients regarding proxy decisions; therefore not all CIRA Advisor Representatives will consult with their clients on proxy matters.

With respect to accounts established through a third party investment adviser, some third party investment advisers provide proxy-voting services on a client's behalf. For a description of the third party investment adviser's proxy voting policy, you will need to refer to each third party investment adviser's Disclosure Brochure. Clients can request a complete copy of third party investment adviser's proxy voting policies and procedures as well as information on how the individual client's proxies were voted by contacting their CIRA Advisor Representative.

### Item 18 – Financial Information

This item is not applicable to our Disclosure Brochure. CIRA does not allow, require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, CIRA is not required to include a balance sheet for its most recent fiscal year. Neither CIRA nor our affiliated companies are subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

<sup>1</sup> CAAP® is a registered mark of Cambridge Investment Research, Inc. for its program for investment managers.