

COASTAL INVESTMENT ADVISORS

Coastal Wrap Fee Program Brochure

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This Wrap Fee brochure provides clients with information about the qualifications and business practices of Coastal Investment Advisors. If you have any questions about the contents of this brochure, please contact us at 888-657-5200. 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.

Coastal Investment Advisors is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Coastal Investment Advisors is also available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

We have updated the sections on Fees and Compensation to include updated information concerning mutual fund share class selection, and the Disclosures section concerning the Firm's recent settlement and Order with the SEC concerning mutual fund share class selection. We have also updated the section concerning Affiliations by removing Coastal Insurance Consulting, which is no longer owned or affiliated with Coastal.

We may further provide other ongoing disclosure information about material changes as necessary as well as provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting your Investment Advisor Representative or our Compliance Department at compliance@coastal-one.com.

Additional information about Coastal is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Coastal who are registered, or are required to be registered, as investment adviser representatives of Coastal.

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Services, Fees and Compensation

Client should read and consider the information contained in this brochure. There is no assurance that the objectives of any client will be achieved.

Advisory Services

Coastal Investment Advisors (“Coastal”) is registered as an investment adviser and is also affiliated with Coastal Equities, Inc., a broker-dealer. Each client has an Investment Adviser Representative (“IAR”). The IAR is an advisory representative of Coastal or is an advisory representative of an independently registered investment adviser.

If your IAR is a Coastal IAR, Coastal is providing advisory services to you in addition to brokerage and program services, as described in this brochure. If your IAR is acting as a representative of an independently registered investment adviser, that independently registered investment adviser is providing advisory services to you, and you will receive a disclosure brochure from that firm. For the

purposes of this document, the term “Advisory Firm” refers to either Coastal or the independently registered investment adviser whichever is providing advisory services to you.

Clients who wish to participate in the Coastal Wrap Fee Program (“Program”) generally enter into a Coastal Wrap Fee Program agreement (“Agreement”). The Agreement will set forth which Advisory Firm is providing consulting services to you.

Clients inform their Investment Adviser Representatives of the investment objectives, risk tolerance, and investment time horizon, and any investment policies, guidelines, or reasonable restrictions applicable to the assets they designate for investment through the Program. Based on this information, the IAR may provide advice and/or manage client accounts by purchasing and/or selling stocks, bonds, mutual funds, exchange-traded funds (ETFs), options, and Variable Annuity (VA) sub-accounts, among others. IARs generally manage the accounts in the Program on a non-discretionary basis. This means that they will purchase or sell securities for accounts only as authorized by the client. Under certain circumstances, a client may grant the IAR discretionary trading authority over an account. This means that the IAR will buy and sell securities without consulting the client in advance.

Any restrictions on the management of an account imposed by a client may cause the IAR to deviate from the investment decisions or recommendations that the IAR would otherwise make with respect to the account.

Execution of Trades

Under this Wrap Fee Program, Coastal Investment Advisors, Inc. is the Sponsor, and its affiliate Coastal Equities, Inc. will act as broker-dealer.

Custody

An unaffiliated entity acts as custodian for Coastal accounts. Under this program, Wells Fargo Clearing Services, LLC t/a First Clearing (“FC”) will act as custodian.

Fees and Compensation

The client pays a monthly or quarterly Wrap Fee which is calculated based on a percentage of the value of the client's account.

The maximum annual Wrap Fee rates are:

| Portfolio Value | Annual Wrap Fee Rate |
|-----------------------|----------------------|
| \$25,000 — \$250,000 | 2.75% |
| \$250,001 — \$750,000 | 2.25% |
| \$750,001+ | 2.00% |
| | |

The Wrap Fee rate may be either a flat annual fee rate (for example, a maximum rate of 2.00%) or will be a blended rate, using two or more of the rate tiers set forth above. A blended rate is calculated by charging a lower rate on the assets above the designated tiers. For example, an account with \$300,000 in assets will be charged 2.75% on the first \$250,000, and 2.25% on the remaining \$50,000. The rates are subject to negotiation between the IAR and each client but may not exceed the above schedule. The Wrap Fee is negotiable based on a variety of factors, such as size and type of account, complexity, range of services utilized, etc.

Regardless of the actual monthly or quarterly Wrap Fee rate or the value of the assets in the accounts, the minimum fee charged to accounts in the Program each quarter will be \$180. The imposition of the minimum fee may cause the effective Wrap Fee rate (expressed as a percentage) to be greater than the fee rates specified in the client's Agreement.

Either party at any time, and upon written notice, may terminate the Agreement and a pro rata portion of any Wrap Fee paid by the client in advance will be remitted to the client based on the number of days left in the quarter, following receipt of the notice of termination by Coastal.

The Wrap Fee covers the advisory services provided by the Investment Adviser Representatives, execution of transactions through Coastal, and custodial services provided by FC (unless otherwise agreed between the custodian and the client). The wrap fee includes up to 120 trades per year. A ticket charge will be charged for each transaction over 120. Consult your advisor for current ticket charge rates under this program.

The Wrap Fee does not cover:

Transactions exceeding 120 trade executions in one year: Ticket charges are usually a cost charged in advisory accounts by the custodian broker-dealer. Under a wrap fee program, those costs are included in your management fee. However, under Coastal's Wrap Fee Program, trades exceeding this limit will be charged a fee by the broker-dealer defined as a "ticket charge." Please consult your Financial Advisor for current ticket charge rates under this program.

Certain Performance Reporting Fees. The IAR may provide certain clients with quarterly performance reports and may charge a quarterly fee for these reports in addition to the Wrap Fee. The IAR will provide clients to be charged this fee with additional information about the fee, including the amount.

Other broker-dealer and custodian fees, costs and compensation. Other costs that may be assessed by broker-dealers or the custodian and that are not included in the Wrap Fee include: fees for transactions executed away from Coastal, dealer mark-ups and spreads paid to market-makers. The Management Fee also does not cover debit balances or related margin interest, "mark-ups" and "mark-downs" or "dealer spreads" that broker-dealers (including broker dealer affiliates) may receive when acting as principal in certain transactions, brokerage commission or other charges resulting from transactions not effected through Coastal. The Management Fee also does not cover costs associated with exchanging foreign currencies, odd-lot differentials, IRA fees,

transfer taxes, exchange fees, wire transfer fees, extensions, non-sufficient funds, mailgrams, legal transfers, bank wire charges, postage fees or SEC fees or other fees or taxes required by law.

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

Coastal, through Coastal Equities, Inc., its affiliated broker-dealer, may charge the client certain additional and/or minimum fees. In addition to the Program Fee, each mutual fund or ETF in which clients may invest also bears its own investment advisory fees and other expenses. The mutual funds available through Coastal may be available directly from the funds pursuant to the terms of their prospectuses and without paying the Wrap Fee or Manager fee.

Exchange-traded funds are also available outside of Coastal without paying the Wrap Fee or Manager fee, subject to applicable commissions and/or transaction charges. Further, to the extent that cash used for investment comes from redemptions of a client's mutual fund or other investments outside of the Program, there may be tax consequences or additional cost from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to the Wrap Fee on those assets.

Additional expenses associated with the specific underlying investment funds such as, redemption fees may apply. Certain mutual funds used in the Program may charge a redemption fee if shares are redeemed within a specified period of time. Clients may incur redemption fees in the event that a sell is executed or model update is implemented. Redemption fees vary by fund and are described in each fund's prospectus.

Investment Adviser Representatives may also actively trade option contracts or on margin for client's accounts, which could result in a high portfolio turnover ratio. Additionally, the use of margin may also result in interest charges as well as all other fees and expenses associated with the security or account involved.

Mutual fund families may offer different share classes. CIA and its Financial Advisors will select the share class that is in the best interest of the client. Depending upon share class, Coastal Investment Advisors may participate indirectly in the sales charges imposed by mutual funds through its affiliated broker/dealer, Coastal Equities, Inc. CEI will receive 12b-1 fees in connection with certain mutual fund share classes purchased for clients' accounts, including certain money market funds. These fees will not offset advisory fees paid by clients to Coastal Investment Advisors. If a less expensive share class is available from the fund family, CIA and its Financial Advisors will purchase that share class. If no such share class is available from the fund family, or if the investor account is not eligible for a less expensive share class, then CIA and its Financial Advisor will purchase the available share class and the firm's affiliate will receive the 12b-1 fees. Neither CIA nor CEI approve products or share classes on the basis of whether 12b-1 fees or like compensation is paid to the firm or its Advisors. Neither CEI nor CIA incent Financial Advisors to purchase products or share classes on the basis of 12b-1 fee availability in any fashion, including sales contests, production bonuses, or differential compensation based upon product class. CEI may also receive marketing reallowances and other revenue sharing payments from the sale of limited partnerships, real estate investment trusts (REITs), business development companies and other products on our platform as compensation for distribution or administrative services. These fees may be negotiated by CEI and are distributed from the fund's total assets or charged to the client as a portion of internal expenses by the product sponsor. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund's prospectus or a product's offering documents.

These revenue sharing payments could potentially lead an Investment Adviser Representative to focus more on products offered by firms that make revenue sharing payments to CEI than those firms that do not make such payments when recommending services to their clients.

In addition, CEI receives compensation in connection with cash held in the account. In addition to the advisory fee, CEI receives additional compensation from the custodian based on the value of credit balances in the accounts. If cash is swept into a money market fund, CEI receives compensation based on the value of assets in these funds as broker-dealer. Thus, Coastal has an incentive to recommend that client select a money market fund as a sweep vehicle that pays more compensation to Coastal than other funds. These payments are not retained where prohibited by law.

Comparison Cost of Service

The Wrap Fee may cost clients more or less than purchasing services separately depending on the frequency of trading in the accounts, commissions charged at other broker-dealers for similar products, fees charged for like services by other broker-dealers and other factors. Among the factors impacting the relative cost of the program to a particular client include the size of the account, the type of account (i.e., equity or fixed income), and the size of the assets devoted to a particular strategy.

Investment Adviser Representatives receive a portion of the total Wrap Fee charged per the client's Coastal Agreement. This compensation may be more or less than what the IAR would receive if the client participated in other programs or paid separately for investment advice, brokerage and other services. The IARs may therefore have a financial incentive to recommend the Coastal Program over other programs or services.

Account Requirements and Types of Clients

Account Requirements

Coastal does not impose an account minimum; however, accounts in the program generally have over \$100,000 in assets.

Types of Clients

The Coastal Program is designed to assist clients, both individuals and institutions (such as pension and profit sharing plans, trusts, estates, charitable organizations, and corporations).

Portfolio Manager Selection and Evaluation

IARs are the only portfolio managers available through the Coastal Program. Clients select the IARs.

Individual Needs of Clients and Restrictions

IARs tailor their advisory services to the individual needs of the client. Clients inform their IARs of their investment objectives, risk tolerance, and investment time horizon and give their IARs any applicable investment policies, guidelines, or reasonable restrictions. Clients may impose reasonable restrictions on the investments in their accounts, including designating particular securities or types of securities that should not be purchased for an account. Any restrictions imposed by a client may cause the IAR to make different recommendations than he or she would in the absence of such restrictions.

Thus, the account may not perform as well.

No Performance-based Fees

Neither Coastal nor any IARs accept performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

Client Information Provided to Portfolio Managers

As described in “Services, Fees and Compensation” above, clients inform their Investment Adviser Representatives of their investment objectives, risk tolerance, and investment time horizon and give their representative any applicable investment policies, guidelines, or reasonable restrictions. Based on this information, the Investment Adviser Representatives provide investment recommendations and/or manage client accounts.

Clients should promptly inform their Investment Adviser Representative of material changes in their financial circumstances or investment objectives. The IAR will periodically discuss, at least once a year, whether the management of the account continues to reflect the investment objectives and financial requirements of the client.

Client Contact with Portfolio Managers

Clients are free to contact IARs for questions or consultation in regards to their accounts. There are no restrictions placed on clients’ ability to contact and consult with IARs.

Additional Information

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of their management. The following information pertains to Coastal. Other Advisory Firms will provide any relevant information about them in their separate disclosure documents.

On December 11, 2017, the firm consented to entry of an order with the SEC resolving allegations by the SEC that the firm failed reasonably to supervise its former CEO by not having in place, until 2013, reasonable policies and procedures for the creation, use and review of a certain type of consolidated reports. The firm consented to entry of an order of censure and a \$40,000 fine.

On March 11, 2019, the firm consented to entry of an order with the SEC concerning receipt of mutual fund 12b-1 fees by the firm’s affiliate broker dealer. As part of the Securities Exchange Commission’s (SEC) Mutual Fund Share Class Selection Disclosure Initiative, the SEC encouraged investment advisers to self-report the failure to adequately disclose conflicts of interest associated with the recommendation or selection of a mutual fund share class that charged distribution fees (“12b-1 fees”) when a lower-cost share class of the same fund existed. For companies who self-reported, the SEC indicated it would recommend favorable standardized settlement terms, including no penalties. Coastal elected to join the SEC’s industry-wide voluntary initiative regarding fees collected on certain mutual fund classes between 2014 and 2018. The firm consented to entry of an order of censure and restitution. Coastal will refund the associated 12b-1 fees and interest to clients who held those types of funds during this time period.

Other Financial Industry Activities and Affiliations

Coastal Equities, Inc. ("CEI") is a full service registered broker-dealer. In this capacity, Coastal is involved in the purchase and sale of various types of securities, including, but not limited to, stocks, bonds, mutual funds and government securities. More information about CEI is set forth below. Coastal Investment Advisors ("CIA") is a New Jersey Corporation, and a registered Investment Advisor. Information about other Advisory Firms is set forth in their separate disclosure documents. Both Coastal Equities Inc and Coastal Investment Advisors are wholly owned subsidiaries of Orange Street Holdings, Inc. ("OSHI"). Other companies that are wholly-owned by OSHI and thus affiliated with Coastal are: Coastal Risk Advisors, LLC and Coastal Equities Insurance Agency, Inc.

Certain IARs are licensed to sell life and annuity insurance products through Coastal Equities Insurance Agency, Inc, (a wholly owned subsidiary of OSHI), and various other companies. Coastal Equities Insurance Agency, Inc., as well as the appropriately licensed (IAR), will receive compensation for the sale of such products. CIA may recommend the purchase of insurance products in CIA accounts. Clients are under no obligation to purchase insurance products through any particular insurance agency or representative.

Code of Ethics

Coastal has adopted a Code of Ethics for all supervised persons of the firm describing our high standard of business conduct, and fiduciary duty to our clients. All supervised persons at Coastal must acknowledge the terms of the Code of Ethics and personal securities transactions and holdings annually, or as amended.

The Code of Ethics is enforced through compliance monitoring activities and surveillance. In cases where the firm discovers that an employee has violated a firm policy and/or procedure, the firm's code of business conduct or code of ethics, a state or federal law, regulation of FINRA, the SEC, or other regulatory agency, the Compliance Department will take appropriate steps to investigate the circumstances and will take action commensurate with the manner of the violation. Such actions could take the form of a written warning to the employee in conjunction with the firm's Legal Department, or be as serious as disciplinary action up to and including termination. Any such investigations will be brought to the appropriate regulator's attention, if necessary, which may result in a disclosure of the violation on the employee's U-4 form, if required.

Coastal Code of Ethics Rules are designed to ensure that our personnel: a) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; b) at all times place the interests of Coastal clients first; c) disclose all actual or potential conflicts; d) adhere to the highest standards of loyalty, candor and care in all matters relating to Coastal clients; e) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and f) not use any material non-public information in securities trading. The Code of Ethics also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of these rules, Coastal personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of these rules.

Coastal personnel are required to conduct their personal investment activities in a manner that is not detrimental to Coastal advisory clients. They are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where Coastal Investment Advisor Representatives may buy and sell on behalf of its clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all personnel, which includes portfolio managers, assistant portfolio managers, research analysts and trading room personnel, officers of Coastal, and other designated persons to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. The Ethics Rules are available to clients and prospective clients from Coastal upon request.

Independent Investment Advisors Registered Investment Advisors independent of Coastal are required to implement their own Code of Ethics. Coastal is not responsible for Financial Advisors not registered with Coastal. Your Financial Advisor will provide you with his/her Form ADV II Disclosure Brochure Supplement which outlines their applicable Code of Ethics.

Interest in Client Transactions and Personal Trading

Investment Adviser Representatives may buy or sell for their own accounts, securities that are also held by

their clients. Such transactions are permitted if in compliance with Coastal policy on personal securities transactions. Reports of personal transactions in securities by Coastal Investment Adviser Representatives are reviewed by Coastal's Compliance department periodically in accordance with its policies and procedures.

Review of Accounts

Coastal may conduct reviews on client's accounts. Accounts are primarily reviewed by the client's Investment Adviser Representative. Clients are provided with monthly or quarterly account statements from the custodian, depending on the activity in the account. Reports include details of client holdings, asset allocation, and other transaction information.

Clients who also receive account reviews from Investment Adviser Representatives are strongly encouraged to compare them to the account statements they receive from the custodian. The account statements received from the qualified custodian are the official statement of the accounts. Any account information provided by IARs is for informational purposes only.

Coastal or Investment Adviser Representative may provide clients with quarterly performance reviews of Coastal accounts, for which the client may be charged a fee in addition to the Wrap Fee, as set forth in "Fees and Compensation" above. Coastal or Investment Adviser Representative do not provide tax advice, and nothing in the performance review should be construed as advice concerning any tax matter. Performance reviews are not a substitute for regular monthly account statements received from the custodian or Form 1099. Performance reviews should not be used to calculate fees or to complete income tax returns. Upon a client's specific request and subject to the relevant firm's policies and procedures and applicable law, the performance review may include information about assets outside the program. By including any such assets in the performance review, the firm is not undertaking to provide or responsible for providing any services with respect to those assets.

Client Referrals and Other Compensation

Coastal may receive solicitors' (referral) fees based on a written agreement from unrelated investment adviser firms for referring clients for financial planning and/or investment advisory services. A disclosure letter will be provided to the client prior to or at the time of entering into any solicitation arrangement for financial planning and/or investment advisory services that identifies the solicitation fee. The solicitor's fee does not increase the fees paid by the client. In addition, fixed income transactions executed through some third-party managers are generally charged a mark-up or mark-down and a percentage of this charge is shared with our firm. As set forth in "Fees and Compensation" above, Coastal and the IARs in their capacity as registered representatives of Coastal, may receive compensation from third parties in connection with trades executed for investments held in advisory accounts.

Certain mutual fund issuers and product sponsors may sponsor and pay for client luncheons, or other events, that Coastal's IARs host. These arrangements may give rise to conflicts of interest, or perceived conflicts of interest, with the firm's clients in connection with IAR recommendation of certain investment products. However, Coastal's commitment to its clients and the policies and procedures it has adopted are designed to limit any interference with Coastal's independent decision-making process when choosing the best investment for our clients.

Financial Information

Coastal has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

ADDITIONAL INFORMATION

Further information about Coastal and other conflicts of interest can be found in Coastal's form ADV, available at <http://adviserinfo.sec.gov>.