

## Form ADV Part 2A Brochure

### IFP Advisors, Inc. Doing Business As Independent Financial Partners

3030 North Rocky Point Dr. W. Suite 700

Tampa, FL 33607

813-341-0960

813-288-0701 fax

[www.ifpartners.com](http://www.ifpartners.com)

October 15, 2018

### ITEM 1. Cover Page

This brochure ("Brochure") provides information about the qualifications and business practices of IFP Advisors, Inc., which operates under the business name of Independent Financial Partners ("IFP").

If you have any questions about the contents of this Brochure please contact us at 813-341-0960 or [Compliance@ifpartners.com](mailto:Compliance@ifpartners.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. Registration of an Investment Advisor does not imply any level of skill or training.

Additional information about Independent Financial Partners is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Independent Financial Partners is 125112.

## ITEM 2. SUMMARY OF MATERIAL CHANGES

Since the last updating amendment to IFP's Form ADV Part 2A Brochure in July 2018, the following material changes have occurred:

1. IFP has been converted from a corporation into a limited liability company, organized under the laws of the State of Florida as of 09/11/2018 and is now 100% owned by IFP Group, LLC, a Delaware Limited Liability Company. For more information on IFP ownership structure, please see our Form ADV Part 1, which can be viewed at <https://adviserinfo.sec.gov>.
2. IFP Securities, LLC, an affiliated entity also owned by IFP Group, LLC has filed an application for FFINRA membership as a Broker-Dealer, which New Member Application is currently under review and pending approval by FINRA.

ITEM 3. TABLE OF CONTENTS

---

ITEM 1. COVER PAGE .....1

ITEM 2. SUMMARY OF MATERIAL CHANGES.....2

ITEM 3. TABLE OF CONTENTS.....3

ITEM 4. ADVISORY BUSINESS .....4

ITEM 5. FEES AND COMPENSATION.....33

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....50

ITEM 7. TYPES OF CLIENTS .....50

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....51

ITEM 9. DISCIPLINARY INFORMATION .....56

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....56

ITEM 11. CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....60

ITEM 12. BROKERAGE PRACTICES.....62

ITEM 13. REVIEW OF ACCOUNTS .....71

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION .....71

ITEM 15. CUSTODY .....76

ITEM 16. INVESTMENT DISCRETION .....77

ITEM 17. VOTING CLIENT SECURITIES .....77

ITEM 18. FINANCIAL INFORMATION .....78

EXHIBIT A: SCHEDULE OF LOCKWOOD PORTFOLIO MANAGERS..... 79

EXHIBIT B: SCHEDULE OF AVAILABLE THIRD-PARTY MODEL PROVIDERS & MODELS.....87

EXHIBIT C: FEE SCHEDULE – REFERRAL SERVICES AGREEMENT WITH BNY MELLON WEALTH MANAGEMENT.....90

## ITEM 4. ADVISORY BUSINESS

Independent Financial Partners (“IFP”) is registered as an Investment Adviser (“RIA”) with the Securities and Exchange Commission (“SEC”). IFP’s SEC File Number is 801-69511. IFP’s home office is in Tampa, Florida. IFP has been registered with the SEC as an RIA since 2008. IFP is wholly owned by IFP Group, LLC, which is controlled by WKW Enterprises, Inc., which is 100% owned by William E. Hamm, IFP’s Chief Executive Officer and Karen Hamm, IFP’s Chief Administrative Officer, Executive Vice President and Director of Human Resources.

IFP conducts its investment advisory business through a network of independent Investment Adviser Representatives (“IARs”) who operate offices located throughout the United States. IARs may operate under their own business name(s) or DBA name(s) and their business name(s) and logos may appear on their sales and marketing materials. All sales and marketing materials used by IARs are reviewed and approved by IFP. The business name(s) and DBA name(s) used by the IARs are separate from and are not owned or controlled by IFP. IARs may also offer and provide other services through their business name(s) or DBA name(s), however all investment advisory services conducted by IARs must be through IFP, with the exception of LPL’s Retirement Plan Consulting Program (“RPCP”), which must be offered through LPL Financial, LLC IARs; and Sheridan Road Advisors (“SRA”), a newly SEC registered Investment Advisor who is currently transitioning their advisory business away from IFP to SRA. In the case of RPCP programs, IFP IARs are dually registered as IAR with IFP and LPL Financial, LLC. Information about the IARs’ other businesses can be found in the IARs’ Form ADV Part 2B Brochure Supplement, which also contains more detailed information about their educational backgrounds, business experience and disciplinary history (if any).

IFP’s home office is responsible for supervising and monitoring the activities of its IARs and employees. Employees in the home office also provide investment portfolio asset management services, sales and marketing support, back-office processing and compliance functions for its IARs.

Nearly all of IFP’s IARs are also dually registered as Registered Representatives (“RRs”) and solicit, offer and sell securities through LPL Financial (“LPL”), an unaffiliated full-service securities broker-dealer that is also registered as a Registered Investment Adviser with the SEC and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”). IARs may also be licensed as independent insurance agents through various insurance companies and solicit, offer and sell fixed and/or property and casualty insurance products in the states in which they conduct business. Therefore, IARs can potentially be acting in all three capacities when soliciting, offering and selling investment products, investment advisory services and/or insurance products to the client. The registration as RRs, IARs and being licensed as independent insurance agents creates a conflict of interest when IARs solicit, offer and sell securities and insurance products for which clients would pay a commission, while also soliciting, offering and selling investment advisory services and managing the assets in their clients’ accounts and charging a separate investment advisory fee. IFP addresses this conflict of interest by requiring the IAR to disclose to the client at the time a brokerage account is opened through LPL Financial the nature of the transaction or relationship,

his or her role as a LPL Registered Representative, and any compensation including commissions and 12b-1 fees that may be paid by the client and/or received by the IAR.

Clients are under no obligation to engage the services of any professional recommended by IFP or LPL. The client retains discretion over any implementation decisions and may accept or reject any recommendation from IFP or its IAR. It is the client's responsibility to promptly notify IFP if there is any change in the client's financial situation or investment objectives. Clients are not obligated to use LPL for securities transactions or individual insurance provider products.

### **Types of Services Offered**

IFP and its IARs may solicit, offer and sell fee-based investment advisory services, including fee-based financial planning, and/or charge an investment advisory fee for managing the clients' accounts. IARs, when also acting as RRs of LPL, may also solicit, offer and sell securities, including but not limited to individual stocks and bonds, mutual funds, closed end funds, Exchange Traded Funds ("ETFs"), and non-traded alternative products, including but not limited to Real Estate Investment Trusts ("REITs"), private placements and direct participation programs ("DPPs"). IARs that are licensed as insurance agents may also solicit, offer and sell fixed and/or property and casualty insurance products. Usually the client will be charged a commission when purchasing securities or insurance products. Depending on the type of securities or insurance product recommended and sold, and/or the nature of the investment advisory services recommended by the IARs, clients may either be charged a commission or an investment advisory fee or a combination of both. Commissions are most often charged for the purchase of securities or fixed and property and casualty insurance products on a transaction by transaction basis. Purchases and sales for securities may be executed in a commission brokerage account or may be submitted to, purchased and held directly with a product sponsor or insurance company. An investment advisory fee is usually charged based on the amount of the client's assets under management with the IAR as agreed upon under an Investment Advisory Agreement signed by the client. See Item 5 (Fees and Compensation) for additional information on commissions and fees charged to the client.

The IAR will decide, based on the client's financial situation, age, income, tax status, investment objectives, and risk tolerance, whether to recommend that the client open a commission-based securities brokerage account, an account held directly with the product sponsor or insurance company and/or to recommend that the client open an Investment Advisory Managed Account, or a combination of all of them. Some securities products, such as alternative products, including REITs and DPPs may not be eligible to be purchased or held in a fee-based Investment Advisory Managed Account and may only be purchased on a commission basis.

Background information regarding each IAR is contained in the IAR's individual Brochure Supplement, which is known as the Form ADV Part 2B Brochure Supplement. A copy of the Form ADV Part 2B Brochure Supplement will be provided to each client on or before the client enters into an investment advisory relationship with IFP.

## **Investment Supervisory Services and Individual Portfolio Management**

IARs provide continuous advice regarding the investment of client funds based on the individual needs of the client. The IAR and the client will discuss the client's specific financial situation, goals, investment objectives, investment experience, time horizon, liquidity needs and risk tolerance. The IAR will then develop asset allocation strategies and/or models and make recommendations to the client to manage the client's portfolio to meet the client's stated goals and investment objectives.

Investment advisory services are provided under a written Investment Advisory Agreement between IFP and the client. Under the terms of the Investment Advisory Agreement, the IAR is either authorized by the client to execute transactions on a discretionary basis without contacting the client or on a non-discretionary basis requiring the client's authorization prior to executing each investment recommendation. If the client's financial situation, goals, investment objectives, time horizon, liquidity needs, or risk tolerance change the client should promptly notify his or her IAR.

Subject to IFP's approval, clients may request to impose reasonable restrictions on investing in certain types of securities or industry sectors. Clients with non-discretionary accounts should understand that any delay in obtaining the client's authorization to execute a recommendation may result in less favorable transaction terms, including a higher security transaction execution price depending on prevailing market conditions.

IFP does not offer proprietary products. Therefore, IFP's investment recommendations are not limited to any specific product or service offered through a broker/dealer or insurance company. IARs who are also registered as RRs of LPL may be limited to the types of investments they can solicit, offer and recommend to their clients. These limitations may be dictated by the securities registrations the IARs hold and/or LPL's approved product or restricted product lists or internal policies and procedures. Client portfolio holdings may include but are not limited to securities listed on the stock market exchanges, corporate and municipal bonds, mutual funds, Unit Investment Trusts ("UITs"), alternative products including Real Estate Investment Trusts (REITs), Direct Participation Programs ("DPPs") or Business Development Companies ("BDCs"), United States government and government agency securities, certificates of deposit, warrants, and commercial paper. Some investment products, such as REITs, DPPs and BDCs may not be eligible to be purchased and held in an Investment Advisory Managed Account.

## **LPL Sponsored Investment Advisory Programs**

IFP may provide advisory services through certain programs sponsored by LPL, an unaffiliated registered investment advisor and broker-dealer. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the conflicts of interest presented by the programs please see the specific LPL program account information which includes the account agreement and LPL's Form ADV program brochure, and LPL's Form ADV Part 2A or the applicable program.

## **Strategic Wealth Management (“SWM & SWM II”)**

The SWM program is a comprehensive, open-architecture, fee-based investment platform created to deliver customized advice and service to clients. SWM accounts give advisors the ability to offer flexible core/satellite strategy with the ability to hold multiple types of investments in one account and deliver consolidated reporting for all the investments in the account.

The only difference between SWM and SWM II is that in SWM, the client pays the transaction charges, whereas in SWM II, the advisor pays the transaction charges.

Although clients do not pay a transaction charge for transactions in a Strategic Wealth Management II (“SWM II”) account, clients should be aware that IAR pays LPL transaction charges for those transactions. The transaction charges paid by the IAR vary based on the type of security transaction (e.g. mutual fund, equity or Exchange Traded Funds (“ETFs”)) and for mutual funds based on whether the mutual fund pays 12b-1 fees and/or recordkeeping fees to LPL. Transaction charges paid by the IAR for equities and ETFs are \$9. For mutual funds, the transaction charges range from \$0 to \$26.50. Because IAR pays the transaction charges in SWM II accounts, there is a conflict of interest in cases where the mutual fund is offered at both \$0 and \$26.50. Clients should understand that the cost to the IAR of transaction charges may be a factor that IAR considers when deciding which securities to select and how frequently to place transactions in a SWM II account.

LPL makes available mutual funds in a SWM II account that offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory programs, called for example, “Class I,” “institutional,” “investor,” “retail,” “service,” “administrative” or “platform” share classes (“Platform Shares”). The Platform Share class offered for a particular mutual fund in SWM II in many cases will not be the least expensive share class that the mutual fund company offers and was selected by LPL in certain cases because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund. Clients should understand that another financial services firm may offer the same mutual fund at a lower overall cost to the investor than is available through SWM II. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund may be available that offers Platform Shares. Class A Shares typically pay LPL a 12b-1 fee for providing brokerage-related services to the mutual funds. Platform Shares generally are not subject to 12b-1 fees. 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 Platform Shares. An investor in Platform Shares will typically pay lower fees over time than an investor who holds Class A Shares of the same fund.

IAR has a financial incentive to recommend Class A Shares in cases where both Class A and Platform Shares are available. Although the client will not be charged a transaction charge for transactions, IAR pays LPL a per transaction charge for mutual fund purchases and sales in the account. IAR generally does not pay transaction charges for Class A Share mutual fund transactions accounts, but generally

do pay transaction charges for Platform Share mutual fund transactions. The cost to the IAR of transaction charges generally may be a factor the IAR considers when deciding which securities to select and whether or not to place transactions in the account.

The lack of transaction charges to IAR for Class A Share purchases and sales, together with the fact that Platform Shares generally are less expensive for a client to own, present a conflict of interest between IAR and the client. Clients should consider the additional indirect expenses paid as a result of the mutual fund fees when negotiating and discussing with IAR the advisory fee for management of a SWM II account.

### **Manager Access Select Program**

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. IAR will assist client in identifying a third-party portfolio manager ("Portfolio Manager") from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. The IAR will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

### **Optimum Market Portfolios Program ("OMP")**

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. IAR will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. IAR will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

### **Personal Wealth Portfolios Program ("PWP")**

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. IAR will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors), mutual funds and ETFs within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a



discretionary basis mutual funds, ETFs and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP. In certain instances, LPL will permit a lower minimum account size.

### **Model Wealth Portfolios Program (“MWP”)**

MWP offers clients a professionally managed mutual fund asset allocation program. IAR will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. IAR will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL’s Research Department consistent with the client’s stated investment objective. LPL’s Research Department or third-party portfolio strategists are responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected.

The client authorizes LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account’s allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.

### **Small Market Solution (“SMS”) Program**

Under SMS, LPL Research (a team of investment professionals within LPL) creates and maintains a series of different investment menus (“Investment Menus”) consisting of a mix of different asset classes and investment vehicles (“investment options”) for clients that sponsor and maintain participant-directed defined contribution plans (“Plan Sponsors”). The Plan Sponsor is responsible for selecting the Investment Menu that it believes is appropriate based on the demographics and other characteristics of the Plan and its participants. LPL Research is responsible for the selection and monitoring of the investment options made available through Investment Menus (“Fiduciary Selection Services”). The investment options that are offered through SMS are limited to the specific investments available through the record keeper that the Plan Sponsor selects. The Plan Sponsor may only select an Investment Menu in its entirety and does not have the option to remove or substitute an investment option.

If the Plan is subject to ERISA, LPL will be a “fiduciary” and serve as “investment manager” (as that term is defined in section 3(38) of ERISA) in connection with the Fiduciary Selection Services. None of the services offered under SMS other than the Fiduciary Selection Services will constitute “investment advice” under 3(21)(A)(ii) of ERISA, or otherwise cause LPL or IAR to be deemed a fiduciary.

In addition to the Fiduciary Selection Services, Plan Sponsor may also select from a number of non-

fiduciary services available under SMS that are provided by IAR. These services may include, but are not limited to: general education, and support regarding the Plan and the investment options selected by Plan Sponsor; assistance regarding the selection of, and ongoing relationship management for record keepers and other third-party vendors, Plan participant enrollment support, and participant-level education regarding investment in the Plan. These services do not include any individualized investment advice to the Plan Sponsor or Plan participants with respect to Plan assets, and LPL and IAR do not act as fiduciaries under ERISA in providing such services.

### **Retirement Plan Consulting Program (“RPCP”)**

Offered under LPL’s Corporate RIA, RPCP is a fee-based platform that allows approved (see below) advisors to provide plan sponsor clients with fiduciary services with respect to the Plan’s investments. Qualified advisors may offer discretionary, non-discretionary and fiduciary investment services, as well as non-fiduciary consulting services to plan sponsors. RPCP advisors do not offer participant-level individualized advice, nor do RPCP advisors provide support for plan administration, recordkeeping, testing or actuarial services.

Neither LPL or its IARs provide advice or recommendations regarding the offering to participants of individual self-directed brokerage accounts, mutual fund windows, or other similar arrangements, or participant loans, and are not responsible for the decision to offer such arrangements.

In order for an IAR to provide fee-based retirement plan consulting and advisory services for plans held away from LPL Financial the advisor must be approved individually for the RPCP program.

#### **Pre-requisites for IARs to be approved to Participate in the non-discretionary RPCP 3(21) Program include:**

- At least three years in the securities industry
- Fiduciary-focused designation: AIF®, CFA, CFP®, CRPS, PPC, ChFC, CIMA, CPFA
- Clean disciplinary record with no open or pending items
- RPCP 3(21) Training completion
- Minimum of five retirement plan accounts
- Use of LPL proprietary Retirement Partners Tool Suite monitoring software or approved alternate methodology
- IAR must be registered with LPL Corporate RIA
  - For IFP Advisors, this means that the IAR will be dually registered

#### **Pre-requisites for IARs to be approved to Participate in the discretionary RPCP 3(38) Program include:**

- RPCP 3(21) approval
- At least ten years in the securities industry AND at least ten years of retirement plan experience
- Minimum of fifteen active retirement plan clients AND \$15 million or more in retirement plan assets

- A well-articulated investment philosophy with a well-documented process and methodology
- Required use of the LPL's proprietary Fiduciary Monitoring System (included in the LPL Retirement Partners Tool Suite)
- Branch Manager Approval

## **Guided Wealth Portfolios ("GWP")**

GWP offers clients the ability to participate in a centrally managed, algorithm-based investment program, which is made available to users and clients through a web-based, interactive account management portal ("Investor Portal"). The program generates investment recommendations through proprietary, automated, computer algorithms (collectively, the "Algorithm") of FutureAdvisor, Inc. ("FutureAdvisor"), based upon model portfolios constructed by LPL and selected for the account as described below (such model portfolio selected for the account, the "Model Portfolio"). A preview of the Program (the "Educational Tool") is provided to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL and FutureAdvisor by enrolling in the advisory service (the "Managed Service"). The Educational Tool and Managed Service are described in more detail below. Users of the Educational Tool are not considered to be advisory clients of LPL, FutureAdvisor or the IAR or Advisor (as applicable), do not enter into an advisory agreement with LPL, FutureAdvisor or the IAR or Advisor (as applicable), do not receive ongoing investment advice or supervisions of their assets, and do not receive any trading services.

## **Features of the Educational Tool**

Users of the Educational Tool (each, a "user") agree to a term of use ("Terms of Use") and complete an investor profile. An investment objective ("Investment Objective") and model portfolio ("Model Portfolio") is assigned to each user based upon factors in the investor profile, including risk tolerance and the number of years remaining until the age of retirement (such time being referred to herein as the "Retirement Age"). (See description in "Features of the Managed Service" below for information regarding the design of the Model Portfolios.) Based on the Investment Objective and Model Portfolio, the Educational Tool generates sample analysis, advice and investment recommendations ("Sample Recommendations").

The Educational Tool provides Sample Recommendations that may assist users in determining whether to utilize the Managed Service. Access to the Educational Tool generally is limited to a period of forty-five (45) days. The Educational Tool is intended to be used for educational and informational purposes only. The Educational Tool does not provide comprehensive financial planning and is not intended to constitute legal, financial or tax advice. There may be other relevant factors and financial considerations (e.g., debt load or financial obligations) that LPL and FutureAdvisor do not take into consideration in formulating any Sample Recommendations provided. The Sample Recommendations made are meant solely as a sample of the types of recommendations available through the Managed Service. LPL and FutureAdvisor are not responsible for any actions taken with respect to the Sample Recommendations, and users are solely responsible for making their own investment decisions. The Educational Tool is only one of many tools that users may use as part of a comprehensive investment

analysis process. Users should not rely on the Educational Tool as the sole basis for investment decisions. Although LPL is an investment adviser and broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority, and FutureAdvisor is an investment adviser registered with the SEC, in providing access to the Educational Tool, LPL and FutureAdvisor do not intend to establish an advisory relationship, or in the case of LPL, a brokerage relationship, with users of the Educational Tool. Users are not charged an advisory fee or any other fee or expense to use the Educational Tool. The scope of any investment advisory relationship with LPL and FutureAdvisor begins when users enroll in the Managed Service. The output that users receive by using the Educational Tool, including the Sample Recommendations, may differ materially from the advice users would receive as an advisory client of LPL and FutureAdvisor. Neither LPL nor FutureAdvisor provides ongoing investment management or trading services for assets of users of the Educational Tool, makes any determination as to whether the website through which the Program is accessed, or the Educational Tool is appropriate for any user, can access any assets in any accounts users aggregate in the Educational Tool, places any trades on behalf of users of the Educational Tool, or provides ongoing supervision of assets of users of the Educational Tool. The Sample Recommendations provided are intended as an informational preview of the Managed Service, and the Sample Recommendations are being provided to demonstrate the types of analysis, advice and recommendations provided by the Managed Service.

## **Features of the Managed Service**

Investors participating in the Managed Service (“clients” and each, a “client”) complete an account application (the “Account Application”) and enter into an account agreement (the “Account Agreement”) with LPL, FutureAdvisor and IAR or Advisor (as applicable). As part of the account opening process, clients are responsible for providing complete and accurate information regarding, among other things, their age, risk tolerance, and investment horizon (collectively, “Client Profile”). LPL, FutureAdvisor and IAR or Advisor (as applicable) rely on the information in the Client Profile in order to provide services under the Program, including but not limited to, determination of suitability of the Program for clients and an appropriate Investment Objective and Model Portfolio for clients. The Model Portfolios have been designed and are maintained by LPL or, in the future, a third-party investment strategist (as applicable, the “Portfolio Strategist”) and shall include a list of securities holdings, relative weightings and a list of potential replacement securities for tax harvesting purposes. FutureAdvisor, IAR or Advisor (as applicable), and clients cannot change or customize the Model Portfolios. Only one Model Portfolio is permitted per account.

Based upon a client’s risk tolerance as indicated in the Client Profile, the client is assigned an investment allocation track (currently Fixed Income Tilt, Balance Tilt or Equity Tilt), the purpose of which is to slowly rotate the client’s equity allocation to fixed income over time. LPL Research created these tracks using academic research on optimal retirement allocations, the industry averages as calculated by Morningstar for the target date fund universe, and input from FutureAdvisor.

Within the applicable allocation track and based upon a client’s chosen Retirement Age in the Client Profile, the client will be assigned a Model Portfolio and one of five of LPL’s standard investment

objectives:

- **Income with capital preservation.** Designed as a longer-term accumulation account, this investment objective is considered generally the most conservative. Emphasis is placed on generation of current income with minimal risk of capital loss. Lowering the risk generally means lowering the potential income and overall return.
- **Income with moderate growth.** This investment objective emphasizes generation of current income with a secondary focus on moderate capital growth.
- **Growth with income.** This investment objective emphasizes modest capital growth with some focus on generation of current income.
- **Growth.** This investment objective emphasizes achieving high long-term growth and capital appreciation. There is little focus on generation of current income.
- **Aggressive growth.** This investment objective emphasizes aggressive growth and maximum capital appreciation, with no focus on generation of current income. This objective has a very high level of risk and is for investors with a longer timer horizon.

Both the client and IAR are required to review and approve the initial Investment Objective. As a client approaches the Retirement Age, the Algorithm will automatically adjust the client's asset allocation. Any change to the Investment Objective directed by a client due to changes in the Client's risk tolerance and/or Retirement Age will require written approval from the client and IAR before implementation. Failure to approve the change in Investment Objective may result in a client remaining in a Model Portfolio that is no longer aligned with the applicable Client Profile. The Investment Objective selected for the account is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time and may be inconsistent with other asset allocations suggested to client by LPL, IAR or FutureAdvisor prior to client entering into the Account Agreement. Achievement of the stated investment objective is a long-term goal for the account, and asset withdrawals may impair the achievement of client's investment objectives. A Client Profile that includes a conservative risk tolerance over a long-term investment horizon may result in the selection of an Investment Objective that is riskier than would be selected over a shorter-term investment horizon. Clients should contact IAR if they believe the Investment Objective does not appropriately reflect the Client Profile, such as their risk tolerance.

By executing the Account Agreement, clients authorize LPL, IAR and FutureAdvisor to have discretion to buy and sell only open-end mutual funds ("Mutual Funds") and exchange-traded funds ("ETFs") (collectively, "Program Securities") according to the Model Portfolio selected and, subject to certain limitations described in the Account Agreement, hold or liquidate previously purchased non-model securities that are transferred into the account ("Legacy Securities"). In order to be transferred into an account, Legacy Securities must be Mutual Funds with which LPL has a full or partial selling agreement, ETFs or individual U.S. listed stocks. Securities that are not Program Securities included within the Model Portfolio will not be purchased for an account, and FutureAdvisor, in its sole discretion, will determine whether to hold or sell Legacy Securities, generally, but not solely, with the goal of optimizing tax impacts for accounts that are subject to tax. Additional Legacy Securities will not be purchased for the account. Clients may not impose restrictions on liquidating any Legacy Securities for any reason.

Clients should not transfer in Legacy Securities that they are not willing to have liquidated at the discretion of FutureAdvisor.

In addition, uninvested cash may be invested in money market funds, the Multi-Bank Insured Cash Account (“ICA”) or the Deposit Cash Account (“DCA”), as applicable, as described in the Account Agreement. Dividends paid by the Program Securities in the account will be contributed to the cash allocation and ultimately reinvested into the account based on the Model Portfolio once the tolerance within cash allocation is surpassed.

Pursuant to the Account Agreement, FutureAdvisor is authorized to perform tax harvesting when deemed acceptable by the Algorithm. None of the client, IAR or LPL can alter trades made for tax harvesting purposes. In order to permit trading in a tax-efficient manner, the Account Agreement also grants FutureAdvisor the authority to select specific tax lots when liquidating securities within the account. Although the Algorithm attempts to achieve tax efficiencies, by doing so the client’s portfolio may not directly align with Model Portfolio. As a result, the client may receive advice that differs from the advice received by accounts using the same Model Portfolio, and the client’s account may perform differently than other accounts using the same Model Portfolio.

During the term of the Account Agreement, FutureAdvisor will perform a daily review of the account to determine if rebalancing is appropriate based on tolerance thresholds established by LPL and/or FutureAdvisor. At each rebalancing review, the account will be rebalanced if at least one of the account positions is outside such thresholds, subject to a minimum transaction amount established by LPL and/or FutureAdvisor. In addition, LPL and/or FutureAdvisor may review the account for rebalancing in the event that the Portfolio Strategist changes a Model Portfolio. FutureAdvisor may delay placing rebalancing transactions for non-qualified accounts by a number of days, to be determined by FutureAdvisor, in an attempt to limit short-term tax treatment for any position being sold. In addition, trading in the account at any given time is also subject to certain conditions, including but not limited to, conditions related to trade size, compliance tests, the target cash allocation and allocation tolerances. None of the client, [Advisor] or LPL can alter the rebalancing frequency.

### **Selection of FutureAdvisor as Third-Party Robo Advisor**

Under IFP’s agreement with LPL, IFP was provided the opportunity to offer GWP, which utilizes FutureAdvisor’s Algorithm as described herein, to prospective clients. IFP is not affiliated with FutureAdvisor. FutureAdvisor is compensated directly by LPL for its services, including the Algorithm and related software, through an annual sub-advisory fee (tiered based on assets under management by FutureAdvisor, at a rate ranging from 0.10% to 0.17%). As each asset tier is reached, LPL’s share of the compensation shall increase, and clients will not benefit from such asset tiers. No additional fee is charged for FutureAdvisor’s services.

IFP believes that certain clients may benefit from GWP’s advisor-enhanced advisory services, particularly due to the relatively low minimum account balance and the combination of a digital advice solution with access to an advisor. Unlike direct-to-consumer Robo platforms, IFP is responsible on an

ongoing basis as investment advisor and fiduciary for the client relationship, including for recommending the program for the client; providing ongoing monitoring of the program, the performance of the account, the services of LPL and FutureAdvisor; determining initial and ongoing suitability of the program for the client; reviewing clients' suggested portfolio allocations, reviewing and approving any change in Investment Objective due to changes clients make to their Client Profile; answering questions regarding the program, assisting with paperwork and administrative and operational details for the account; and being available to clients to discuss investment strategies, changes in financial circumstances, objectives or the account in general in person or via telephone. IAR may also recommend other suitable investment programs if clients have savings goals or investment needs for which GWP is not the optimal solution.

## **Conflicts of Interest**

IFP and its IARs receive compensation as a result of a client's participation in an LPL program. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client. The amount of this compensation may be more or less than what the IFP IAR would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

The account fee may be higher than the fees charged by other investment advisors for similar services. For instance, FutureAdvisor offers direct-to-consumer services similar to GWP. Therefore, clients could generally pay a lower advisory fee for algorithm-driven, automated ("Robo") investment advisory services through FutureAdvisor or other Robo providers. However, clients using such direct Robo services will forgo opportunities to utilize LPL-constructed model portfolios or to work directly with a financial advisor. Clients should consider the level and complexity of the advisory services to be provided when negotiating the account fee (or the advisor fee portion of the account fee, as applicable) with IAR. With regard to accounts utilizing third-party portfolio managers under aggregate, all-in-one account fee structures (including MAS, PWP and the legacy MWP fee structure), because the portion of the account fee retained by IAR varies depending on the portfolio strategist fee associated with a portfolio, IAR has a financial incentive to select one portfolio instead of another portfolio.

## **IRA Rollover Considerations**

As part of our investment advisory services, IARs can make recommendations to plan participants regarding the rollover of employer sponsored retirement plan assets. In the case where an IAR recommends a retirement plan rollover into an IFP advisory account program, the IAR will earn a portion of the advisory fee. This presents a conflict of interest because IARs have an economic incentive to recommend a client rollover retirement plan into an IFP advisory program account. Plan participants are under no obligation to rollover their retirement plan assets to an IRA with IFP and should carefully consider all relevant factors, such as penalty-free withdrawals, whether loans are permitted, legal protections, required minimum distributions, fees and expenses, service levels, available investment

options, employer stock considerations and state taxes. IFP requires clients considering a rollover to complete IFP's Employer Plan Distribution disclosure document, which states the rationale for the rollover decision and discloses important information and considerations in connection with the rollover.

## **IFP - Sponsored Wrap-Fee Program**

The IFP Wrap-Fee Program is designed to provide investment advice through your IFP IAR for an agreed upon fee. Acting under a written agreement, your IAR establishes an account at the Custodian chosen by the client for the purpose of creating a portfolio to be managed by your IAR. The portfolio is made up of select investments, chosen to meet your specific goals and objectives.

The IFP wrap program is a "bundled" program, which means that transaction charges, advisory fees and certain administrative fees are included in the fee charged to you. For a client who expects to trade frequently, these bundled programs could be a cost-effective approach. If you and/or your IAR expect a lower level of trading activity, an unbundled pricing structure could be more appropriate. You should consider the value of the services provided under a wrap-fee program, as the wrap-fee program could exceed the aggregate cost of services if provided separately.

The IFP wrap-fee program allows for tiered fee rates based on account value. The tiered levels typically follow a declination table, which means as the account increases in value, fees are charged at a reduced rate as assets enter a new higher tier with a lower rate.

A Client opening an IFP Wrap-Fee account should receive a copy of the IFP Wrap Fee Program Brochure, along with Form ADV 2A, which contains additional information concerning the selected program, wrap-fee programs in general, and a disclosure of fees payable by the client.

## **Use of Third-Party Managers**

IARs may recommend third-party asset money managers ("TPAMs") to manage part or all of the client's portfolio. TPAMs may be recommended when the TPAMs' philosophy, investment strategy and style meet the client's financial situation, investment objectives and risk tolerance. The asset management services provided by the TPAMs, the compensation to be paid, and other terms of the relationship between the client and the TPAMs will be described in the TPAMs' disclosure documents and its managed account agreement. IFP will receive a portion of the investment advisory fee paid by the client to the TPAMs.

IARs are not permitted to recommend TPAMs unless the TPAM has been approved by IFP. Before approving any TPAMs, IFP reviews and conducts due diligence on the TPAMs, including the programs they offer, their financial statements, their management, their track record and performance, their Part 2A of Form ADV, disclosure documents, their investment advisory agreement(s), their registration history, and any complaints or disciplinary actions that may been taken against the TPAM by regulatory bodies.



IFP will not approve a TPAM until it has conducted due diligence on the TPAMs' knowledge, experience, investment philosophy and style and performance history. The investment advisory fee charged varies depending on the TPAM and the amount of assets under management. The investment advisory fee to be charged is disclosed and agreed upon by the client in the TPAM's Investment Advisory Agreement.

The client gives the TPAM discretionary authority over the assets held in the client's account held at the TPAM. Neither IFP nor the IAR provides investment advice to the TPAM. IFP and not the TPAM is the Client's IAR and primary point of contact, and we are solely responsible for determining the appropriateness of the investment strategy for the client. IFP conducts periodic reviews and monitors the TPAMs, including their investment performance. IFP may terminate a TPAM if IFP determines that it no longer meets IFP's criteria. IARs will periodically review the TPAM's performance and will discuss with their clients whether the TPAM is continuing to meet the client's investment objectives, goals and risk tolerance as agreed upon under the TPAM's investment advisory agreement. The IAR may make a recommendation to the client whether or not to continue to use the TPAM. IFP cannot predict or make assurances that any TPAM will continue to meet or maintain its stated investment objectives or performance.

## **Investnet**

Investnet is an investment management firm founded in 1999 that provides investment management and investment advisory services through independent investment advisors ("Advisor(s)") for use with Advisors' clients (each a "Client"). Investnet also serves institutional clients such as pension or profit-sharing plans, trusts, estates, and corporations and provides advisory and research services directly to Advisors. Investnet provides Advisors with an extensive range of investment sub-advisory services for use by Advisors with their Clients through its Private Wealth Management programs, including Separately Managed Accounts ("SMA"), ActivePassive Portfolios, PMC Sigma Mutual Fund Solutions ("MFS"), PMC Strategic ETF Solutions, Unified Managed Account ("UMA"), PMC Multi Manager Account ("MMA") (formerly referred to as the PMC Guided Portfolios) program, PMC Select Portfolios and PMC Select Dynamic Portfolios™, PMC Liquid Endowment Portfolios, Paradigm Liquid Alternatives, Ascent Portfolios, PMC Market Series Quantitative Portfolios™, PMC Factor-Enhanced Quantitative Portfolios™, PMC Impact Quantitative Portfolios™ and ThirdParty Fund Strategists (together, the "Programs" and individually a "Program"). In addition to Paradigm Liquid Alternatives and Ascent Portfolios, investment strategies that are prefaced with "PMC" or "Sigma" designate that the investment strategy is a proprietary strategy of Investnet, as opposed to the many thirdparty investment strategies that we also make available in the SMA, UMA and Third-Party Fund Strategists programs. The Programs generally are made available by Investnet through each Client's independent Advisor, and in certain limited instances, directly to the Client. In addition to the Investnet sub-advisory services offered in the Programs, Investnet also offers Advisors many advisory service tools, whereby Investnet provides only administrative and technology services and investment research and due diligence. A Client's Advisor determines which services and Programs of Investnet to utilize with its Clients and may utilize the services of other third-party services providers in conjunction with the Programs; Clients should therefore consult their Advisor's Form ADV Part 2 for a fuller description of

that Advisor's specific use of Envestnet and the Programs. The selection of services offered to our Advisory clients by Envestnet include:

- Assessment assistance of the Client's investment needs and objectives
- Investment policy planning assistance
- Assistance in development of an asset allocation strategy designed to meet the Client's objectives
- Recommendations on suitable style allocations
- Identification of appropriate managers and investment vehicles suitable to the Client's goals
- Evaluation of asset managers and investment vehicles meeting style and allocation criteria
- Engagement of selected asset managers and investment vehicles on behalf of the Client
- Ongoing monitoring of individual asset manager's performance and management for "Approved" investment strategies
- Automated tools that assist in the review of Client accounts to ensure adherence to policy guidelines and asset allocation
- Recommendations for account rebalancing, if necessary
- Online reporting of Client account's performance and progress
- Fully integrated back office support systems to advisors, including interfacing with Client's custodian, trade order placement, and confirmation and statement generation. Access to third party platforms and strategies through the ENV Platform.

### **Third Party Models and Model Providers**

Many of the asset managers in the SMA Program and the Third-Party Fund Strategist Program described above are accessed through the use of investment models ("Third Party Models"), whereby the asset manager, acting as a "Model Provider," constructs an asset allocation and selects the underlying investments for each portfolio. Envestnet performs overlay management of the Third-Party Models by implementing trade orders, periodically updating and rebalancing each Third-Party Model pursuant to the direction of the Model Provider. Envestnet may, from time to time, replace existing Model Providers or hire others to create Third Party Models and cannot guarantee the continued availability of Third-Party Models created by particular Model Providers. In managing the Third-Party Models, certain Model Providers may pursue an investment strategy that utilizes underlying mutual funds or exchange traded funds advised by the Model Provider or its affiliate(s) ("Proprietary Funds"). In such situations, the Model Provider or its affiliate(s) may receive fees from the Proprietary Funds for serving as investment advisor or other service provider to the Proprietary Fund (as detailed in the Proprietary Fund's prospectus). These fees will be in addition to the management fees that a Model Provider receives for its ongoing management of the Third-Party Models and creates a financial incentive for the Model Provider to utilize Proprietary Funds. Clients should discuss any questions with or request further information from their Advisor concerning the use of Proprietary Funds in Third Party Models or the conflict of interest this creates.

The standard fee schedules for Envestnet's Programs are as follows, but lower fees may be separately negotiated by the Advisor:

### SMA Portfolios

Amount	Equity/Balanced SMA Portfolios*	Fixed Income SMA Portfolios*	Funds	PMC Liquid Alternatives	PMC Quantitative Portfolios™
First \$250,000	0.50%-1.811%	0.50%-1.50%	0.27%-0.69%	0.45%-0.75%	0.05%-0.55%
Next \$250,000	0.50%-1.56%	0.50%-1.31%	0.27%-0.50%	0.45%-0.63%	0.05%-0.55%
Next \$500,000	0.50%-1.50%	0.50%-1.25%	0.25%-0.41%	0.45%-0.63%	0.05%-0.55%
Next \$1,000,000	0.50%-1.36%	0.50%-1.21%	0.23%-0.38%	0.45%-0.63%	0.05%-0.55%
Next \$3,000,000	0.50%-1.26%	0.50%-1.20%	0.23%-0.36%	0.45%-0.63%	0.05%-0.55%
Over \$5,000,000	0.50%-1.26%	0.50%-1.20%	0.23%-0.35%	0.45%-0.63%	0.05%-0.55%

\* The fee charged depends on the manager(s) selected. Fees are calculated on a per account basis. Mutual funds, ETFs and alternative investments charge their own fees for investing the pool of assets in the respective investment vehicle. Please see the prospectus or related disclosure document for information regarding these fees. \*\* Envestnet or its affiliates do not typically receive 12b-1 fees from mutual funds in which Clients invest. Any fees inadvertently received shall be returned to the fund company.

### Multi-Style Accounts

Amount	Unified Managed Accounts (UMA)*	PMC MMA
First \$250,000	0.25%-0.88%	0.35%-1.56%
Next \$250,000	0.25%-0.63%	0.35%-1.31%
Next \$500,000	0.25%-0.56%	0.35%-1.19%
Next \$1,000,000	0.25%-0.49%	0.35%-1.05%
Next \$3,000,000	0.25%-0.44%	0.35%-0.91%
Over \$5,000,000	0.25%-0.41%	0.35%-0.91%

\* Add an additional 0.35%-0.60% for each Third-Party Model used in the UMA portfolio. However, certain Third-Party Models may have lower or higher fees.

\*\*Envestnet or its affiliates do not typically receive 12b-1 fees from mutual funds in which Clients invest. Any fees inadvertently received shall be returned to the fund company.

### **Other Issues Relating to Fees**

The Program Fee may also contain administration fees for services performed by the individual Advisor representative's corporate office. These fees are not Envestnet fees and Clients should

separately refer to Advisor's Form ADV Part 2A or Appendix 1 for a description of these types of fees. The cost of investment advisory services provided through the Programs may be more or less than the cost of purchasing similar services separately. 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), the size of the assets devoted to a particular strategy and the managers selected. In some cases, Advisors who recommend the Programs to their Clients may receive compensation from Envestnet as a result of their Clients' participation in the programs. This compensation may be more than what the Advisor would receive if the Client participated in other programs or paid separately for investment advice, brokerage and other services. Such Advisors may, therefore, have a financial incentive to recommend the Program over other programs or services. While this fee may be paid from Program Fees collected by Envestnet, the Program Fees have not been increased to cover fees paid to those Advisors. Envestnet also acts as the advisory technology platform for broker-dealers (including broker-dealer clearing custodians) that coordinate support services for Advisors and Envestnet and/or sponsor the Program. In such cases, the Program Fee stated in the client agreement will also contain fees for such services that are paid to the broker-dealer/custodians. Certain broker-dealer/custodians also charge Envestnet for supporting technology interfaces with their technology resources. These fees are included as part of the Program Fee but are separate from and additional to the custodial/brokerage fee listed in the brokerage/custodial agreement. The range of these fees depend on the particular program utilized, the level of integration of the Envestnet technology platform with the clearing custody platform, and the particular broker dealer/custodian. These fees generally make up between 5-35% of the fee charged by Envestnet. Advisor network firms may also license the Envestnet platform in order to provide mid- and back- office services to independent Advisors leveraging their network services. The range of these fees depends on the particular program utilized and the level of services provided by the advisor network to the Advisor, but these fees generally are between 0.05-0.15% of the Advisor's book of business supported.

When Advisor or Client selects a Sub-Manager or Model Provider, the Program Fee includes the fees paid to the Sub-Manager or Model Provider for their services, in addition to the Envestnet fees associated with making those strategies accessible and administering them in the Program. When manager fees are displayed separately from the other program fees, these fees represent the management fees for which Envestnet makes the strategies available and not the fee paid to Sub-Managers or Model Providers. Envestnet separately negotiates the agreements between Sub-Managers and Model Providers, including fees paid, on terms and conditions that it deems acceptable. In general, Envestnet's retained portion of the separately displayed fee for an investment strategy will range between 0.02% -0.15% of the assets under management but may be as high as 0.35%. Fees paid to Sub-Managers or Model Providers generally range from 0.15% to 1.00% of the assets under management. Certain Model Providers participating in the Third-Party Fund Strategist program may not charge management fees, because they utilize their proprietary mutual funds and/or ETFs and receive fees from the underlying expenses of the Funds. The pricing terms are routinely renegotiated with individual Sub-Managers and Model Providers, whereby Envestnet, Sub-Manager or Model Provider may receive a greater or lesser percentage of the Program Fee than the current percentage at the time Client selected a particular investment strategy. In general, this reapportionment does not increase the Program Fee that the Client pays. In the rarer case where the

Program Fee negotiations results in a need to increase the Program Fee, Client and/or Client's Advisor (if such Advisor has investment discretion to act on behalf of the Client) would be notified in advance of any increase in Program Fees, with full opportunity to select another strategy in the Program or otherwise change Client's account.

The Program Fee does not cover certain custodial fees that may be charged to Clients by the Custodian. Clients also may be charged for specific account services, such as ACAT transfers, electronic fund and wire transfer charges, and for other optional services elected by Clients. Accounts may be subject to transaction-based ticket charges assessed by the custodian for the purchase of certain mutual funds, including possible fund surcharges. Similarly, the Program Fee does not cover certain non-brokerage-related fees such as individual retirement account ("IRA") trustee or custodian fees and tax-qualified retirement plan account fees and annual and termination fees for retirement accounts (such as IRAs).

For smaller accounts, a minimum account fee may apply to the Program Fee or fees charged by the custodian. Minimum accounts fees are expressed in annual amounts but are determined and assessed based on the account asset value at the beginning of each quarter. For example, if an account has a \$100 minimum annual account Program Fee, it will be assessed a minimum of \$25 every quarter. Therefore, if a client has large asset inflows or outflows during the year that cross the minimum asset value threshold, it is possible for an account to be assessed a minimum fee for a particular quarter even if at the end of the year a look back over the account's average balance for the entire year would have placed it above the minimum asset value threshold.

## **Schwab and Other Custodian Programs**

IFP uses the Schwab Performance Technologies™ program and may use and recommend other similar types of automated investment advisory platform programs with other Custodians for some of its Clients. These types of programs are commonly known as ROBO investment advisory platforms, because they are automated platforms where the client can open an account directly with the ROBO without the assistance of the IAR. Some ROBO platforms may offer lower minimum account size requirements. Some may offer a more limited number of investment options available to the client on the ROBO platform. There may be less frequent contact with the client by the IAR depending on the type of ROBO platform, however IARs are required to have a client contact no less than annually with each client.

IFP offers an automated investment program (the "Program") and other automated online investment advisory platforms. Through these programs IFP offers clients a range of investment strategies that IFP has constructed and manages. Portfolios can consist of Exchange Traded Funds ("ETFs") and a cash allocation. The Client may instruct IFP to exclude up to three ETFs from their portfolio. The Client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). We use Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of SC&CO., to operate the Program.

IFP is independent of and not owned, controlled by or affiliated with or sponsored or supervised by SPT, CS&Co. or their affiliates (together Schwab).

IFP and not Schwab is the Client's Registered Investment Adviser and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis.

IFP has contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. These types of platforms help enable IFP to make these programs available to clients online and they include systems that automate certain key parts of IFP's investment process. The programs include online questionnaires that help IFP determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that IFP will recommend a portfolio based on Client's answers to the online questionnaires. The Client may then indicate an interest in a portfolio that may be more conservative or aggressive than the recommended portfolio, but IFP makes the final decision and selects a portfolio based on all the financial and suitability information, investment objectives and risk tolerance provided by the Client. These programs usually also include an automated investment engine through which IFP manages the Client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

IFP may charge a fee for our services as described below under Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the program.

IFP does not pay SPT fees for the Platform program so long as IFP maintains \$100 million in client assets in accounts held at CS&Co that are not enrolled in the Program. If IFP does not meet this client asset level, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of IFP's Clients' assets in the Program. This fee arrangement creates a conflict of interest as it may provide IFP with an incentive to recommend or require that its clients with accounts not enrolled in the Program be maintained with CS&Co.

IFP also offers Fidelity Clearing & Custody Solutions, TD Ameritrade, and Pershing, LLC as custodian platforms available to their clients. Clients are under no obligation to choose a particular custodian.

## **Lockwood Sponsored Managed360 Program**

### **About Lockwood**

Lockwood was organized in 1995 and opened for business in the summer of 2006. It is registered with

the SEC as an investment adviser. In 2002, The Bank of New York Company, Inc. acquired Lockwood. Lockwood is an indirect, wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”), a publicly-owned company.

Lockwood provides access to individual portfolio managers (“Portfolio Managers”) and investment advisory and discretionary services to financial planners, certified public accountants, broker-dealers, registered investment advisers, and other financial advisors (“Firms: or “Firm” I the singular) which, in turn, provide investment advice and consulting services to their clients (“Clients”). Client level advice is generally performed by an employee, agent, affiliate or other delegated persons of a Firm (collectively, “Consultants”). Lockwood does not have any offices located outside of the United States. Lockwood may accept certain non-U.S. clients, in its sole discretion, in accordance with all applicable laws.

An affiliate of Lockwood, Pershing LLC (“Pershing”) is a SEC registered broker-dealer that is a member of the Financial Industry Regulatory Authority (“FINRA”), the Securities Investor Protection Corporation (“SIPC”) and the New York Stock Exchange (“NYSE”), and provides clearing and custody services for the Lockwood program described in this Brochure. Another affiliate of Lockwood, Pershing Advisor Solutions LLC (“Pershing Advisor Solutions”), is a SEC registered broker-dealer that is a member of FINRA and SIPC and provides retail brokerage services for certain Clients in the Program. Lockwood, Pershing and Pershing Advisor Solutions are affiliated companies, each of which is indirectly owned by BNY Mellon.

Lockwood’s range of investment offerings includes the following:

- Separately Managed Accounts (“SMA”) – Researched SMA managers and open architecture managers;
- Lockwood AdvisorFlex Portfolios – A flexible mutual fund and exchange traded fund (“ETF”) product;
- Lockwood Investment Strategies – A unified managed account (“UMA”) product;
- Lockwood WealthStart Portfolios – A turnkey mutual fund and ETF wrap product with a low minimum account size;
- Lockwood Asset Allocation Portfolios - A turnkey mutual fund and ETF wrap product;
- Lockwood/American Funds Core Portfolios - A mutual fund and ETF wrap product constructed using American Funds mutual funds; and
- Third Party Model Providers – Open architecture mutual fund and ETF models.

Lockwood provides separately managed accounts (“SMAs”) in which each account has a Portfolio Manager responsible for the day-to-day investment decisions. In most cases, the Portfolio Managers used are independent from Lockwood and its affiliates. In the event a Portfolio Manager is affiliated with Lockwood, it will be designated as an affiliate. In addition, because Lockwood also functions as a Portfolio Manager in certain products, Lockwood, itself, may be the underlying manager on some Client accounts. Unless otherwise noted, all references in the Brochure to a Portfolio Manager should be read to include Lockwood’s acting as a manager with respect to the following products: Lockwood AdvisorFlex Portfolios, Lockwood Investment Strategies, Lockwood Asset Allocation Portfolios,

Lockwood WealthStart Portfolios, Lockwood/American Funds Core Portfolios and the Third-Party Model Provider Portfolios.

Lockwood also provides investment advice to other financial intermediaries that may participate in one or more Lockwood programs. In addition, Lockwood provides investment advice to its affiliate, Pershing, relating to FundVest 200, a research-driven list of no-transaction fee mutual funds available through Pershing.

This Brochure describes the Managed360 Program (the “Program”), which allows you, with the assistance of your Consultant, to select one or more third party Portfolio Managers or Lockwood products where Lockwood serves as manager. Lockwood serves as program sponsor of the Program. In the Program, a Portfolio Manager manages your investment portfolio on a discretionary basis. Lockwood imposes certain minimum eligibility criteria on the Portfolio Managers, which are described in Item 5. You will open one or more brokerage accounts (“Brokerage Accounts”) with your broker-dealer (the “Broker”) to hold the assets in your investment portfolio.

The Managed360 Program allows you, with the assistance of your IFP IAR, to select one or more third-party Portfolio Managers of Lockwood products where Lockwood serves as the manager. Lockwood serves as program sponsor of the Program. In the Program, a Portfolio Manager manages your investment portfolio on a discretionary basis. Lockwood imposes certain minimum eligibility criteria on the Portfolio Managers. You will open one or more brokerage accounts (“Brokerage Accounts”) with your broker-dealer (the “Broker”) to hold the assets in your investment portfolio.

**As Program sponsor, Lockwood may perform services in one or more of the following capacities:**

- Working with your IAR to offer investment advisory services tailored to meet your individual needs, including suggesting specific investment style allocations, certain periodic rebalancing and investment plan adjustment;
- Entering into an investment advisory agreement with you;
- Providing access to clearing, custody, and other brokerage services through its affiliate, Pershing;
- Reviewing Portfolio Managers and other investment styles provided by the Portfolio Managers (“Manager Profiles”);
- Providing Portfolio Manager connectivity by entering into an agreement with each Portfolio Manager available in the Program, which provides for the investment advisory services that the Portfolio Manager will provide to you;
- Acting as manager for certain, discretionary proprietary managed products described below; and
- Providing access to model portfolios (“Models”) created by third-party model providers (“Third-Party Model Providers”) and acting as manager with respect to such Models.

In accordance with Rule 2a-4 under the Investment Company Act of 1940, as amended, Lockwood



may contractually delegate certain administrative services to another party. Lockwood has delegated certain administrative functions to its affiliates, including the Managed Investments division of Pershing (“Managed Investments”), including:

- Providing service, operational support and training to IARs;
- Maintaining information about the Portfolio Managers’ investment styles, and making it available to IARs;
- Providing an investment proposal generation tool, web-based account setup and account maintenance tools to the IARs
- Providing account and asset reporting capabilities to the IARs and IFP, including access to daily and quarterly investment performance reports;
- Delivering Lockwood’s Brochure to you annually and at the time you enter into the investment advisory agreement with Lockwood;
- Delivering each Portfolio Manager’s Form ADV Part 2 (“Manager Brochure”) at the time you enter into the investment advisory agreement with Lockwood;
- Providing fee payments to the Portfolio Managers and the Consultant or the Firm; and
- Providing support to the Portfolio Managers, which includes Portfolio Manager training, daily reporting, resolution and Portfolio Manager notification regarding trading, Portfolio Manager data set-up assistance within the Lockwood systems, and coordinating with Portfolio Managers when your Firm submits account requests.

In some cases, IFP serves as the Broker and, if the Broker is dually registered as an investment adviser, the investment advisory representatives of IFP serve as the Consultants. Alternatively, the Broker may be a partner with a third-party registered investment adviser (“RIA”) and the investment advisory representatives of the RIA serve as Consultants. For other firms, Pershing Advisor Solutions serves as the Broker and IFP’s employees, agents, affiliates or other delegated persons serve as the IAR. IFP and/or the IAR may obtain certain services described above, such as performance reporting and fee billing of the IAR’s and/or IFP’s fee, from a third-party service provider instead of from Managed Investments, and/or they may preform certain of these functions internally. Pershing Advisor Solutions may provide certain support functions to the IAR and IFT instead of Lockwood or Managed Investments.

## **BNY Mellon Wealth Management**

IFP has entered into a Referral Services Agreement with BNY Mellon, National Association, a national banking association located at 500 Grant Street, Pittsburgh, PA 15258 (“BNY Mellon”, for the purpose of receiving investment management and/or fiduciary services from BNY Mellon.

BNY Mellon has agreed to pay to IFP a certain portion of the fees earned by BNY Mellon with respect to these services.

## **Company Referrals**

To the extent that IFP deems appropriate, IFP shall recommend BNY Mellon for the services. Nothing

in this agreement shall be construed as binding IFP to make referrals to NMY Mellon as the sole and exclusive resource for such services as outlined herein. BNY Mellon understands that IFP must exercise prudent judgement and maintain clear objectivity with respect to the recommendations that IFP may give from time to time.

### **Role of BNY Mellon**

BNY Mellon shall provide such management and fiduciary services, including services as a trustee, co-trustee, executor, custodian or investment manager, or any combination of the foregoing, as may be mutually agreed to between BNY Mellon and each Client. All references in this Agreement to Client shall be deemed to include all accounts, trusts, estates and other entities controlled by or under common control of a Client unless the context specifically indicates to the contrary.

### **Compensation; Fee Sharing**

- **Client Fee Agreement.** BNY Mellon shall enter into a fee agreement with each Client. The responsibility for payment of fees owed to BNY Mellon shall be exclusively that of each individual client. All fees paid to others by the Client shall be in addition to those fees paid to BNY Mellon and shall not diminish the amount due by BNY Mellon.
- **Debit of Fees.** BNY Mellon shall debit all fees owed by Client from the Client's account and shall remit the IFP Fee to IFP within thirty (30) days thereafter. BNY Mellon shall also remit to IFP any other fees owed to IFP by Client, as directed by Client. Unless otherwise provided herein or in Exhibit C, the IFP Fee shall be paid to IFP with respect to any Client for so long as (i) BNY Mellon and Client continue in any relationship resulting from a referral made under this agreement, (ii) Client has a relationship with IFP and (iii) this Agreement has not been terminated. BNY Mellon's obligation to pay fees shall be governed also by Exhibit C hereto, the provisions of which are deemed to be incorporated herein by reference.

All payments by BNY Mellon pursuant to these fees sharing arrangements shall be made directly to IFP, and IFP shall be reported as the recipient of such funds in accordance with any tax reporting requirements.

IFP may split any fees which it receives hereunder with any other party, including other representatives or employees of IFP in IFP's sole and absolute responsibility and discretion. All decisions as to any amounts to be so paid or to whom such amounts are to be paid remain exclusively under the control of IFP.

- **Exclusions from IFP Fee.** The IFP Fee shall not include any percentage payment on any extraordinary fees or fees paid for such ancillary services, such as tax preparation fees, which may be charged to the Client as a result of the performance of any services that are beyond the normal scope of engagement of MNY Mellon by the client.
- **Parties Pay This Own Costs.** Each party hereto agrees to pay, without right of reimbursement

from the other party, the costs incurred by such party incident to the performance of its obligations under this Agreement.

- **Minimum Fee.** Company confirms that it expects to refer business to BNY Mellon sufficient to result in fees to BNY Mellon of a minimum amount of \$100,000 during each twelve-month period, the first period commencing from the date of this agreement.
- **Limitation on Fees.** With respect to accounts or subaccounts established pursuant to this Agreement whose assets are covered by the Employee Retirement Income Security ACT (“ERISA”), as amended, or which are individual retirement accounts as defined in Section 408 of the Internal Revenue code, as amended (“IRAs”), it is understood and agreed that, although BNY Mellon may accept appointment as a fiduciary or trustee with respect to such accounts, no payments with respect to such accounts or subaccounts can or will be made to IFP under Section 9 hereof except to the extent provided in Section 9(G).
- **IFP Fees for ERISA and IRA Accounts.** BNY Mellon will pay IFP Fees with respect to an ERISA or IRA account or subaccounts only if a duly authorized representative of IFP has executed and delivered to BNY Mellon a Certification of Eligibility to Receive Fees (ERISA and IRA Accounts).
- **Disclosure Information.** IFP and BNY Mellon each shall include full disclosure of their fee sharing agreements with any Client, whether or not required under applicable laws and regulations.

## **Financial Planning**

IARs may offer fee-based financial planning services. Financial planning generally involves an evaluation of a client’s current and future financial situation using currently known variables to estimate future cash flows, asset values and withdrawal plans. Financial planning may be comprehensive based on all of the client’s goals or may be more limited in scope to specific goals depending on the needs of the client. Clients will receive a written financial plan/analysis/report depending on the type and scope of the financial planning conducted and agreed upon with the IAR. The client signs a Financial Planning Agreement which outlines the financial planning services to be completed and the deliverable to be provided to the client by the IAR. The financial plan may address part or all the following areas:

- **Asset Allocation:** Based on the client’s financial situation, investment objectives, and risk tolerance, IARs may develop a financial plan/analysis/report and make asset class or asset mix recommendations.
- **Education Planning:** Based on the client’s financial situation, investment objectives, and risk tolerance, IARs may develop a financial plan/analysis/report and make recommendations as to the savings and investment goals clients would need to set to fund education goals.
- **Estate Planning:** Based on the client’s financial situation, investment and estate distribution objectives, and risk tolerance, IARs may develop a financial plan/analysis/report and make

recommendations for strategies to help provide clients with estate value retention and liquidity.

- **Financial Statements and Portfolio Reports:** IARs may provide clients with a financial statement or portfolio report and analysis.
- **General Analysis and Planning:** IARs can also provide planning on a more focused basis. Based on the client's financial situation, investment objectives, and risk tolerance, IARs may develop a financial plan/analysis/report in specific financial planning in areas, including but not limited to estate planning, retirement planning or business planning.
- **Insurance Analysis:** Based on the client's financial situation, investment objectives, and risk tolerance, IARs may develop a financial plan/analysis/report as to the adequacy of the client's life insurance death benefit coverage and make recommendations to address any gaps in life insurance.
- **Retirement Planning and Analysis:** Based on the client's financial situation, investment objectives, and risk tolerance, IARs may develop a financial plan/analysis/report and recommend the savings and investment goals clients would need to set to meet the capital and income needed to maintain the client's standard of living after retirement.
- **Business Retirement Planning:** Based on a business's objective to provide or assess retirement planning opportunities for its employees and/or partners, IARs may develop a financial plan/analysis/report based on a current business retirement plan, assist in the review or preparation of an Investment Policy Statement or work with the business to develop and implement a company retirement plan.

IARs gather financial and asset information from the client to develop the financial plan/analysis/report. Information gathered includes, but is not limited to, the client's income, expenses, assets, liabilities, tax status, future goals, investment objectives, and risk tolerance. Based on the results of the financial plan/analysis/report the IAR may make recommendations to the client to achieve his or her stated goals. Financial planning recommendations are not product specific. The decision to implement the financial plan/analysis/report recommendations is entirely at the client's discretion.

The financial plan/analysis/report will usually be delivered to the client within 120 days from the date that the Financial Planning Agreement was signed by the client provided all information needed to prepare the financial plan/analysis/report has been provided to the IAR by the client.

Clients should be aware that there can be no assurance or guarantee that any of the goals and objectives outlined in the financial plan/analysis/report may be achieved.

## **Retirement Plan Advisory Services**

IFP provides investment advisory services to employer sponsored retirement plans, including but not limited to 401(k), 457(b), 403(b), and pension and profit-sharing plans. Services include non-discretionary investment advice for an investment advisory fee where IARs may make recommendations to the plan administrator or sponsor and the plan administrator or sponsor retains full discretionary authority and control over its plan's assets. When acting on a non-discretionary basis,

IFP and its IARs act as a fiduciary to the plan, as defined under Section 3(21)(A)(ii) of the Employee Retirement Income Security Act of 1974 ("ERISA"). IFP may also serve as an investment manager authorized to act on a discretionary basis to an employer sponsored retirement plan, as defined in ERISA under Section 3(38). IFP and/or its IARs when acting as a plan fiduciary under Section 3(38) exercise discretionary authority or control over assets in the retirement plan. IFP and its IARs are granted full discretionary authority to select, monitor, remove and replace the investment options offered under the retirement plan subject to any limitations as described in the IFP Retirement Plan and Consulting Agreement. IFP also may provide other administrative services to the plan's administrator or sponsor, including providing services for which it does not act as a fiduciary to the retirement plan.

IFP and the retirement plan's plan administrator or sponsor enter into a Retirement Plan Advisory Services Agreement which describes the terms of the investment advisory services offered by IFP to the retirement plan. The Retirement Plan Advisory Services Agreement will include a menu of advisory services to be performed by IFP and its IAR, including:

**Retirement plan advisory services may include, but are not limited to:**

- Non-discretionary Investment Advisory Services:
- Recommendations to establish or revise the retirement plan's Investment Policy Statement ("IPS")
- Recommendations to select and monitor investments
- Recommendations to select and monitor Qualified Default Investment Alternatives ("QDIA")
- Recommendations to allocate and rebalance model allocation portfolios ("Model Portfolios")
- Recommendations to select and monitor Investment Managers
- Recommendations and providing investment advice to individual plan participants

**Discretionary Investment Management Services:**

- Selection and monitoring of the retirement plan's Designated Investment Alternatives ("DIAs")
- Creation and maintenance of model asset allocation portfolios
- Management of Qualified Default Investment Alternatives ("QDIAs")
- Managing the investment portfolios for individual participants

**ERISA Non-Fiduciary Services:**

- Retirement plan governance and fiduciary education
- Assisting the plan administrator/sponsor with selecting and reviewing other service providers
- Investment education for Plan Fiduciaries
- Employee investment education and communication

IFP may provide non-ERISA plan investment advisory advice to the plan's administrator or sponsor or the company retirement plan's Board of Directors. IFP may also provide the plan's administrator or

sponsor or Board of Directors investment advisory services through a separate Retirement Plan Services Agreement on a fee for service basis.

In performing its investment advisory services, IFP is not required to verify or audit the information received from the plan's administrator or sponsor or from the plan's administrator's/sponsor's other designated professional(s). The client is under no obligation to engage the services of any professional recommended by IFP. The client retains discretion over any implementation decisions and may accept or reject any recommendation from IFP or its IAR. It is the client's responsibility to promptly notify IFP if there is any change in the client's financial situation or investment objectives.

### **LPL's Retirement Plan Consulting Program ("RPCP")**

LPL provides advisory services under RPCP as an investment advisor under the Advisers Act and is a fiduciary under the Advisers Act with respect to such services. If clients engage LPL and IAR to perform ongoing investment monitoring and ongoing investment recommendation services to a Plan subject to ERISA in the RPCP agreement, such services will constitute "investment advice" under Section 3(21) (A)(ii) of ERISA. Therefore, LPL and IAR will be deemed a "fiduciary" as such term is defined under section 3(21) (A)(ii) of ERISA in connection with those services. Clients should understand that to the extent LPL and IAR are engaged to perform services other than ongoing investment monitoring and recommendations, those services are not "investment advice" under ERISA and therefore, LPL and IAR will not be a "fiduciary" under ERISA with respect to those other services.

If the plan is subject to ERISA, LPL will be a "fiduciary" and serve as "investment manager" (as that term is defined in section 3(38) of ERISA) in connection with the Fiduciary Selection Services.

Investment advisory services offered under RPCP include

- Assist the Plan in the preparation or review of an Investment Policy Statement ("IPS") for the plan.
- Recommend specific investments to be held by the Plan.
- Perform ongoing monitoring of investment options available in the plan.
- Assistance in identifying an investment product or model portfolio in connection with the definition of a "Qualified Default Investment Alternative" ("QDIA") under ERISA.
- Recommend asset allocation target-date or risk-based model portfolios for the Plan to make available to Plan participants and funds from the line-up of investment options chosen by the client to include in such model portfolios.
- Prepare reports reviewing the performance of Plan investment options.

Plan Consulting Services

- Assist the Plan by acting as liaison between the Plan and service providers, product sponsors and/or vendors.
- Provide education, training, and/or guidance for the members of the Plan Committee with regard to plan features, retirement readiness matters, or service on the Committee.

- Assist the client in enrolling Plan participants in the Plan, including providing participants with information about the Plan.
- Assist with participant education, which may include preparation of education materials and/or conducting investment education seminars and meetings for Plan participants.
- Assist with the preparation, distribution and evaluation of Requests for Proposals, finalist interviews, and conversion support.
- Provide the client with comparisons of Plan data (e.g., regarding fees and services and participant enrollment and contributions).
- Assist client in identifying the fees and other costs borne by the Plan.

## **Company Stock and Self-Directed Accounts**

If a Plan makes available publicly-traded employer stock (“company stock”) as an investment option under the Plan, neither LPL or IARs provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option.

Neither LPL or IARs provide advice regarding the offering to participants of individual self-directed brokerage accounts, mutual fund windows, or other similar arrangements and are not responsible for the decision to offer such arrangements. LPL and IARs do not provide any individualized advice or recommendations to Plan participants regarding any of the above arrangements, or for participant loans, if offered through the Plan.

## **Fiduciary Investment Consulting to Participant Directed Retirement Plans – Managed Account Service**

For select clients, IFP provides investment advisory services to plan participants under the Managed Account Service Program. IFP may act as an ERISA 3(38) Investment Fiduciary to implement and monitor a participant’s fund selection, asset allocation strategy, and rebalancing. Currently, IFP uses Morningstar Investment Management’s technology services to support this service through the Advisor Managed Account Services platform at Schwab Retirement Services.

For clients in our Managed Accounts Service, specific participant services and their implementation are dependent upon the participant’s current situation (years until retirement and risk tolerance levels) and is used to contract a participant-specific portfolio that matches restrictions, needs, and targets. For clients in our Pension Consulting, we offer general investment advice. For clients using our Discretionary Fiduciary Services, we usually allow clients to impose restrictions on investing in certain asset classes.

Under our Managed Account Service, we are responsible for managing retirement plan participant accounts until the individual elects to discontinue the Managed Account Service. Eligible participants are enrolled in the Managed Account Service in accordance with rules established by the retirement plan sponsor. Based on personal criteria and financial information provided by the plan sponsor or by

each participant, we select investment allocations on a discretionary basis using the investment options that are available within the retirement plan, as defined by the retirement plan sponsor. Company stock, brokerage account holdings, and certain specific other investments may be excluded from our recommendations. Excluded investments are taken into account when making allocation recommendations. Transaction instructions are then sent to the plan provider to implement our recommended retirement strategy in the participant's plan account. A participant can elect to discontinue participating in the Managed Account Service at any time.

The Managed Account Service Fee is part of an overall service contract with the plan sponsor and is typically between two and 10 basis points on plan assets per year, billed quarterly in arrears. It is not charged on an individual basis or affected by the number of people who enroll in the Service.

All advisory services under the Managed Account Services Program (including the managed account portfolios) are provided by IFP using the managed account technology services of Morningstar Associates, LLC ("Morningstar"). Neither IFP nor Morningstar is affiliated with or an agent of Schwab Retirement Plan Services, Inc. ("SRPS") or any of its affiliates (collectively, "Charles Schwab"). Charles Schwab does not supervise, make recommendations with respect to, or take responsibility for monitoring the services provided to the Plan Sponsor, or participants by IFP. Schwab Advice Consultants, who are not employees of IFP or Morningstar, may facilitate participant access to the advisory services of the Advisor but do not provide investment advice or recommendations with respect to these services under ERISA, as amended; the Investment Advisers Act of 1940; or other laws, rules or regulations and does not recommend or endorse IFP. There is no guarantee that a participant's savings and investment strategy will provide adequate income at or through their retirement. Fees are charged by SRPS for the recordkeeping and related services it provides, and fees may also be charged by IFP for its provision of the advisory services. The investment alternatives have been selected by an applicable plan fiduciary specifically for use in developing the managed account portfolios. Fees, Other investment options may be available in the core lineup that are not included in the managed account portfolios. For a complete list of the investments that are available under your plan, and any associated fees, visit [workplace.schwab.com](http://workplace.schwab.com), click on "History & Statements" and then "Statements and Reports", and view the latest annual Fee and Investment Notice and any subsequent Change Notices. Participants should carefully consider information contained in the materials furnished at their employer's direction regarding the recordkeeping services provided by SPRS and its affiliates and the advisory services provided by IFP, including information regarding compensation, affiliations, and potential conflicts. Morningstar provides a savings rate recommendation as part of the managed account technology services it provides to the Advisor. For plans that do not include a salary deferral feature, a savings rate recommendation will not be included.

## **Employee and/or Plan Participant Communications**

For pension, retirement, profit sharing and 401(k) plan clients in self-directed plans, IFP will provide periodic educational investment meetings to the plan's participants. Topics to be discussed will be determined in conjunction with the plan sponsor and in accordance with guidelines established in ERISA under Section 404(c). The meetings are intended to provide education to the plan's participants



about the plan and the investment options available to the participants but are not intended to and do not provide plan participants with individual investment advice or asset allocation investment recommendations.

**Business Continuity Plan**

IFP has established a Business Continuity Plan (“BCP”). The BCP describes how IFP would respond to significant business disruptions and provide clients with alternative contact information and access in the event of a significant business disruption. It is also available upon written request.

**Assets Under Management**

As of December 31, 2017, IFP had assets under management and assets under advisement as follows:

Discretionary Managed Assets .....	\$9.486 billion
Non-Discretionary Managed Assets.....	\$27.371 million
Assets Under Advisement (not managed) .....	\$40.513 billion

**ITEM 5. FEES AND COMPENSATION**

**Portfolio Management Fees**

**Description of Fees and Compensation**

In general, fees for IFP’s investment advisory services are based on a percentage of the client’s assets under management. Based on the agreed terms of the signed Agreement, investment advisory fees may be charged quarterly or monthly based on the following methods: 1) in advance based on the value of assets in the account at the end of the previous quarterly billing period, or 2) in arrears based on the balance at the end of the current billing period. Under no circumstances does IFP require or solicit payment of fees in excess of \$1,200 more than six months in advance of the services rendered. Certain clients may also have specific flat fee Agreements. Specific flat fee Agreements and calculation methods are outlined in the Investment Advisory Agreement the client signs with IFP.

As described in Item 4 Advisory Business, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co as part of the Program. Schwab does receive other revenues in connection with the Program. Brokerage arrangements are further described in Item 12 Brokerage Practices.

**Fees for LPL Advisory Programs**

The account fee charged to the client for each LPL advisory program is negotiable, subject to a maximum account fee as described in the program’s brochure.

GWP Educational Tool provides access to sample recommendations at no charge to users. However, if users decide to implement sample recommendations by executing trades, they will be charged fees, commissions, or expenses by the applicable broker or adviser, as well as underlying investment fees and expenses. Account fees are payable quarterly in advance, except that the SMS fee is paid in arrears on the frequency agreed to between client and Advisor.

Excluding SMS, RPCP and GWP, LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. In the Managed Service of GWP, LPL is appointed by each client as custodian of account assets and broker-dealer with respect to processing securities transactions for the accounts. In general, FutureAdvisor, in its capacity as investment advisor, will submit transactions through LPL; however, FutureAdvisor may choose to execute transactions through a broker-dealer other than LPL, subject to its duty to seek to achieve best execution. When securities transactions are effected through LPL, there are no brokerage commissions charged to the account. If FutureAdvisor chooses to execute a transaction through a broker-dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker-dealer. In evaluating whether to execute a trade through a broker-dealer other than LPL, Future Advisor will consider the fact that the account will not be charged a commission if the transaction is affected through LPL.

IFP and LPL may share in the account fee and other fees associated with program accounts. IARs of IFP may also be registered representatives and IARs of LPL. Under SMS and RPCP, LPL serves as investment advisor, but not the broker-dealer. IFP and LPL may share in the advisory portion of the SMS or RPCP fee.

## **Financial Planning Fees**

The fees for financial planning services are negotiable and depend on the nature of the financial planning services provided, the time and the complexity of each client's circumstances. All fees are agreed upon prior to entering into the Financial Planning Services Agreement signed by the client.

Fees for financial planning services may be charged in the following manner:

- **Hourly Fees** - IARs may charge an hourly fee for financial planning services. The amount of the hourly fee is set by each IAR and is described in the Financial Planning Services Agreement signed by the client.
- **Flat Fixed Fees** - IARs may charge a flat fixed fee for specific financial planning services. The total financial planning fee will be determined based upon the nature and complexity of the financial planning services provided to the client.
- **Ongoing Monthly Planning Fees** – In the case of ongoing monthly planning fees, the fees are charged in arrears only and the client may cancel the arrangement at any time.

The hourly or flat fixed financial planning fees charged under the Financial Planning Services

Agreement are separate from any commissions that may be charged by IFP and the IAR acting in his or her capacity as a Registered Representative of LPL Financial as a result of the client implementing any recommendations services provided. The IAR may collect a portion of the fee upfront with the remaining portion due upon the delivery of the financial plan to the client. However, financial planning fee payments will not exceed \$1,200 in advance for development of a financial plan that will not be completed within six months. At no time is the payment of the financial planning fee contingent upon whether the client chooses to implement the recommendations of the IAR or placing financial assets with the IAR for management.

Clients should understand that the flat fixed or hourly financial planning fees charged to the client may be higher than the financial planning fees charged by other investment advisers for similar services. Clients should consider the level and complexity of the planning services to be provided when negotiating the financial planning fee with their IAR.

The Financial Planning Services Agreement for financial planning services may be terminated at any time by providing written notice to the appropriate parties. Financial planning services will be terminated upon receipt of such notice without penalty. However, the client will be charged a pro-rata portion for financial planning services rendered up to the date of termination of the Agreement. After receiving notice of termination, IFP will promptly send the pro-rata refund of any financial planning fees paid in advance to the client.

### **TIAA-CREF Advisor Network Program**

For accounts held through the TIAA-CREF Advisor Network Program, IFP may provide investment advisory services to participants in retirement plans offered through TIAA-CREF. In order to participate in the Program, IFP and any participating, approved IARs must meet minimum due diligence standards set by the Program and must agree to limit their fees to 1.25% (or lower, depending on the plan) on assets maintained of the TIAA-CREF Advisor Network Program retirement platform.

### **Retirement Plan Investment Advisory Fees**

Fees for retirement plan services are negotiated prior to the signing of the Retirement Plan Advisory and Consulting Agreement. The Retirement Plan Advisory and Consulting Agreement language includes the negotiated fee, which may be charged as a percentage of the total retirement plan assets and/or as a flat annual fee. Fees may vary depending upon the advisory services agreed on and the individual retirement plan characteristics, but are generally calculated based on the fee ranges below:

Plan Size	Price Schedule
\$0 - \$5,000,000	\$5,000 + 30 basis points
\$5,000,001 - \$10,000,000	\$10,000 + 20 basis
\$10,000,001 - \$20,000,000	\$15,000 + 15 basis

\$20,000,001 - \$40,000,000	\$20,000 + 12.5 basis
\$40,000,001 -	\$30,000 + 10 basis
\$100,000,001 -	\$60,000 + 7 basis points
\$200,000,001 -	\$100,000 + 5 basis
\$500,000,001 - and up	Customized Pricing
All fees are subject to negotiation at the sole discretion of IFP.	

Fees charged for investment advisory services may be payable quarterly in advance or in arrears and are based on the market value of the client's retirement plan assets on the first or last business day of the calendar quarter. Fees may be direct billed to the client or to a third-party administrator ("TPA") or to a qualified custodian based on the client's instruction. Advisory fees charged for retirement plan clients engaging IFP in mid-quarter will be prorated and calculated on a per diem basis.

The Retirement Plan Advisory and Consulting Agreement continues in effect until terminated by either party by thirty days written notice to the other party. If any advisory relationship terminates before the last day of a calendar quarter, advisory fees will be prorated accordingly and IFP will refund any unearned advisory fees due back to the Client.

Based on the specific Retirement Plan and Consulting Agreement with the pension or retirement plan, IFP's fees for retirement plan investment advisory services may be charged as (1) an annual asset-based fee, (2) an annual flat fixed fee, or (3) a combination of both.

### **Retirement Plan Consulting Program (RPCP) Fees**

Under RPCP, clients pay LPL a fee (the "RPCP" Fee) for advisory and/or consulting services. LPL shares up to 100% of the RPCP Fee) typically 90%) with the IAR based on the agreement between LPL and the IAR. A portion of the fee to the IAR may be paid by the IAR to his or her LPL branch manager or another LPL representative for supervision or administrative support. The RPCP Fee may be based on a percentage of the assets held in the Plan (up to 1.25% annually), on an hourly basis (up to \$400 per hour), or on a flat rate basis, as negotiated between the Plan and the IAR. The RPCP Fee will be payable to LPL in advance or in arrears on the frequency (e.g., quarterly, monthly, etc.) agreed upon among the client, the IAR and LPL. If asset-based fees are negotiated, the RPCP 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 RPCP Fee is paid by the Plan or the client through a third-party service provider, such fee will be calculated as determined by the provider. If the RPCP Fee is paid prior to the services being provided, the Plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement among the client, LPL and the IAR.

The Plan or Plan Sponsor incurs fees and charges imposed by third parties other than LPL and IAR or IFP, as applicable, in connection with RPCP. These third-party fees can 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 a client engages LPL and IAR or IFP, as applicable, to provide ongoing investment recommendations to the Plan or Plan Sponsor regarding the investment options (e.g., mutual funds, collective investment funds) to be made available to Plan participants, clients 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. The client will also pay LPL and IAR or IFP, as applicable, the RPCP Fee for the investment recommendation services. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of LPL and IAR or IFP, as applicable, and by making their own decisions regarding the investment.

If a Plan or Plan Sponsor makes available a variable annuity as an investment option, there are mortality, expense 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 or Plan Sponsor makes available a pooled guaranteed investment contract (GIC) fund, there are investment management and administrative fees associated with the pooled GIC fund.

As part of the RPCP services, the IAR may recommend a mutual fund that pays asset-based sales charges or service fees (e.g., 12b-1 fees) to LPL and the IAR as broker-dealer to the Plan. The receipt of 12b-1 fees presents a conflict of interest because it gives LPL and its IARs an incentive to recommend mutual funds based on the compensation received rather than on a client's needs. LPL addresses this potential conflict by using 12b-1 fees paid by product sponsors to LPL and IAR as broker-dealer to the Plan to offset the RPCP Fee.

Clients should understand that the RPCP Fee that client negotiates with IAR or IFP, as applicable, may 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 IAR or IFP, as applicable, is responsible for determining the fee to charge each client 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 services to be provided when negotiating the fee with IAR or IFP, as applicable.

Clients pay the RPCP Fee by check made payable to LPL Financial, LLC. In the alternative, client also may 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 LPL.

### **Small Market Solutions ("SMS") Fees**

Under SMS, clients pay LPL a fee (the "SMS Fee") for the advisory services of LPL Research and the services provided by the IAR or IFP, as applicable, up to an annual maximum of 0.95%. The SMS Fee paid by the client is inclusive of an LPL program fee for the investment advisory services provided by

LPL Research, and an advisor fee for the services provided by the IAR or IFP, as applicable. The LPL program fee is 0.20%, based on an annualized percentage of assets held in the Plan, subject to a minimum program fee of \$250. LPL may offer program fee discounts based upon the amount of assets held in the Plan or other criteria. The advisor fee is negotiable at the discretion of each IAR or IFP, as applicable, up to a maximum of 0.75%. LPL shares up to 100% of the advisor fee (typically 90%) with the IAR or Advisor, as applicable, based on the agreement between LPL and the IAR or Advisor. The SMS Fee will be payable to LPL in arrears on the frequency agreed upon between Client and IAR or Advisor, as applicable.

### **Lockwood Managed360 Fees for Products and Services**

#### **Separately Managed Accounts**

The SMA program provides you with access to third party Portfolio Managers who manage separately managed accounts on a discretionary basis. Lockwood collects a program fee (the “Program Fee”) for the SMA program for the services provided by Lockwood, IAR, Pershing or IFP (if applicable) and the Portfolio Manager with respect to the SMAs. The maximum Program Fee for the SMA program is set forth in the tables below. The fees are negotiable based on a number of factors that may result in a particular Client paying a fee greater or less than the maximum fees shown below. In certain cases, the Program Fee for SMA differs between the different distribution channels through which IFP participates in the Program. For example, IFP may participate in the Turnkey Asset Management Program (“TAMP”) channel of the Program, in which Lockwood arranges for Pershing Advisor Solutions to be broker. In an alternative channel, IFP may serve as Broker.

For the TAMP channel, the Program Fee for Equity and Balanced Styles and Program Fee for Fixed Income Styles are as follows:

<b>Account Size</b>	<b>Program Fee for Equity and Balanced Styles</b>	<b>Program Fee for Fixed Income Styles</b>
First \$500,000	0.95%	0.57%
Next \$500,000	0.90%	0.54%
Next \$4,000,000	0.85%	0.51%
Over \$5,000,000	0.75%	0.47%

Where IFP is the Broker, the Program Fee for Equity and Balanced Styles and SMA Program Fee Fixed Income Styles are as follows:

<b>Account Size</b>	<b>Program Fee for Equity and Balanced Styles</b>	<b>Program Fee for Fixed Income Styles</b>
First \$500,000	0.88%	0.52%
Next \$500,000	0.83%	0.49%
Next \$4,000,000	0.78%	0.46%

Over \$5,000,000	0.68%	0.42%
------------------	-------	-------

Lockwood charges different Program Fees for Equity and Balanced Styles and different Program Fees for Fixed Income Styles for accounts where IFP is Broker due to the administrative services that IFP provides to your account where IFP is Broker. Where IFP participates in the TAMP channel, Lockwood or Pershing Advisor Solutions provides these additional administrative services. Accordingly, Lockwood charges a lower Program Fee for Equity and Balanced Styles and Program Fee for Fixed Income Styles for accounts where IFP is Broker, however, this decision is made in Lockwood's sole discretion and varies by product type.

The maximum SMA Program Fee for Laddered Bond Styles is set forth in the table below. The fees are negotiable based on a number of factors that may result in a particular Client paying a fee greater or less than the maximum fees shown below.

<b>Account Size</b>	<b>Program Fee for Laddered Bond Styles</b>
First \$500,000	0.35%
Next \$500,000	0.35%
Next \$4,000,000	0.30%
Over \$5,000,000	0.25%

Under Lockwood's agreements with Portfolio Managers, each Portfolio Manager receives a portion of the Program Fee as compensation for the discretionary investment services it provides. The Portfolio Managers' fee rates are "institutional", which means that they are based on the total assets managed by each Portfolio Manager in the Program for each investment style and may become lower as total Program assets managed by each Portfolio Manager reach certain levels. For fixed income styles, the Portfolio Managers' fees generally range from 0.15% to 0.35% if assets under management. For laddered bond styles, the Portfolio Managers' fees are generally 0.15% of assets under management. For equity and balanced styles, the Portfolio Managers' fees generally range from 0.30% to 0.65% of assets under management.

Where IFP serves as Broker, Lockwood and Pershing each retain a portion of the SMA Program Fee (less the fee Lockwood pays to the Portfolio Manager) for the services each provide to you. This portion of the fee compensates Lockwood for its services as program sponsor as described above and Pershing for its clearing and custody services. Where Pershing Advisor Solutions is the Broker, Pershing Advisor Solutions and Lockwood each retain a portion of the difference between the total SMA Program Fee and the fee Lockwood pays to the Portfolio Manager. This portion of the fee compensates (i) Lockwood for its services as program sponsor as described above; (ii) Pershing Advisor Solutions for its services as Brokers as described above, and (iii) Pershing Advisor Solutions for the support functions it provides to the IAR and IFP. Pershing Advisor Solutions pays Pershing for its clearing and custody services.

If a particular Portfolio Manager fee is lower for an account, Lockwood retains a larger portion of the

SMA Program Fees than it would for another account managed by a Portfolio Manager with a higher fee. As a result, Lockwood could have an incentive to contract with certain Portfolio Managers whose breakpoint schedules favor Lockwood, however only the unaffiliated IARs and their Clients are selecting such Portfolio Managers for investment. Lockwood manages this conflict of interest in two ways. First, Lockwood applies the same due diligence criteria to all Portfolio Managers regardless of fee structure. Second, the Program is structured whereby Lockwood makes a large selection of Portfolio Managers available, but the final decision regarding which Portfolio Manager will manage each Client's account rests with the Client in consultation with the IAR.

In addition to the Program Fee, the IAR may add a reasonable advisory fee, subject to the applicable written agreement between you and the IAR and/or IFP.

Lockwood may charge each Portfolio Manager and administrative fee ("Administrative Fee") to cover expenses associated with the portfolio accounting system, the billing support Lockwood provides to Portfolio Managers, tax lot or performance reporting and other administrative services Lockwood provides. The Administrative Fee for fixed income Portfolio Managers is four (4) basis points (0.04%) annually and for equity/balanced Portfolio Managers six (6) basis points (0.06%) annually on the market value of the assets managed by the Portfolio Manager. The Portfolio Manager pays the Administrative Fee to Lockwood; it is not charged to your account. In certain limited instances, Lockwood may waive or reduce the Administrative Fee.

**Lockwood AdvisorFlex Portfolios**

Lockwood acts as a Portfolio Manager in offering Lockwood AdvisorFlex Portfolios™ ("AFP") which is a flexible mutual fund and ETF wrap account product available in the Program. Lockwood is both the sponsor of the Program and the Portfolio Manager of the AFP product.

As Portfolio Manager, Lockwood makes investment decisions regarding asset allocation and investment selections. This process is described in more detail in Item 8 of this Brochure.

The Program Fee for AFP accounts is billed quarterly in advance, as follows:

Account(s) Size	Program Fee for AFP
First \$500,000	0.40%
Next \$500,000	0.35%
Over \$1,000,000	0.25%

Lockwood's fees are negotiable under certain circumstances, in Lockwood's sole discretion. You may pay more or less than other Clients depending on certain factors, including type and size of the accounts, the historical or anticipated transaction activity, the range of services provided to you and your total relationship assets under management.

The Program Fee for AFP includes the Lockwood advisory fee, Lockwood's sponsor fee and Pershing's



clearing and custody fee. The AFP Program Fee does not include fees or expenses, which may be associated with the mutual funds and ETFs an account invests in, which include advisory fees and operational expenses such as transfer agent, distribution (12b-1), shareholder servicing, networking and recordkeeping fees and any transaction taxes associated with the underlying investments held. Your account will bear these fees and expenses as an investor in such mutual funds and ETFs and, as a result, you may bear higher expenses than if you invested directly in the securities held by such funds and/or other internal expenses.

In addition to the Program Fee for AFP accounts, the IAR may add a reasonable advisory fee, subject to the applicable written agreement between you and the IAR and/or IFP.

Which respect to mutual funds used in AFP accounts, the respective mutual funds may charge a redemption fee if shares are redeemed within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective mutual fund’s prospectuses. The mutual funds used in AFP are made available through Pershing. Lockwood’s affiliate, Pershing, may be paid certain fees relating to these funds such as networking and 12b-1 fees, which creates a conflict of interest for Lockwood.

If you have multiple AFP accounts, Lockwood may combine your accounts for fee calculation purposes, subject to certain restriction.

**Lockwood Investment Strategies**

Lockwood Investment Strategies (“LIS”) is a discretionary, multi-discipline managed account product housed in a single portfolio. Five core models and four alternative models are available. Lockwood, serving as the Portfolio Manager, determines asset allocation and selects both third-party asset managers (“Sub-Advisers”) and specific investment vehicles based on its proprietary approach to asset allocation, as well as its macroeconomic outlook and investment discipline. This process is described in more detail below.

The Program Fee for LIS accounts is billed quarterly in advance, as follows:

Account(s) Size	Program Fee for LIS
First \$500,000	0.75%
Next \$500,000	0.55%
Next \$4,000,000	0.40%
Next \$5,000,000	0.35%
Over \$10,000,000	0.30%

Lockwood’s fees are negotiable under certain circumstances, in Lockwood’s sole discretion. You may pay more or less than other Clients depending on certain factors, including the type and size of the accounts, the historical or anticipated transaction activity, the range of services provided to you and

your total relationship assets under management.

The Program Fee for LIS includes the Lockwood advisory fee, Lockwood’s sponsor fee, the Sub-Adviser fees and the Pershing clearing and custody fee. The LIS Program Fee does not include fees or expenses, which may be associated with the mutual funds and ETFs an account invests in, which include advisory fees and operational expenses such as transfer agent, distribution (12b-1), shareholder servicing, networking and recordkeeping fees and any transaction taxes associated with the underlying investments held. Your account will bear these fees and expenses as an investor in such mutual funds and ETFs and, as a result, you may bear higher expenses than if you invested directly in the securities held by such funds and/or other internal expenses.

In addition to the Program Fee for LIS accounts, the IAR may add a reasonable advisory fee, subject to applicable written agreement between you and the IAR and/or IFP.

With respect to mutual funds used in the LIS portfolios, the respective mutual funds may charge a redemption fee if shares are redeemed by Lockwood within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective mutual funds’ prospectus. The mutual funds used in LIS are made available through Pershing. Lockwood’s affiliate, Pershing, may be paid certain fees relating to these mutual funds such as networking and 12b-1 fees, which creates a conflict of interest for Lockwood.

If you have multiple LIS accounts, Lockwood may combine your accounts for fee calculation purposes, subject to certain restrictions.

Lockwood pays all Sub-Advisers, in the aggregate, the fee in the table below, which is based on the total assets in the LIS product. Lockwood allocates a portion of this total fee to each Sub-Adviser based on the percentage of the total LIS portfolio attributable to each Sub-Adviser.

**Sub-Adviser Fee Schedule:**

Assets	Sub-Adviser Fee
First \$500,000,000	0.11%
Next \$500,000,000	0.08%
Next \$1,000,000,000	0.06%
Next \$1,000,000	0.05%
Over \$3,000,000,000	0.04%

**Lockwood WeathStart Portfolios**

Lockwood WealthStart Portfolios (“WealthStart”) is a discretionary mutual fund and ETF wrap account product with a \$10,000 minimum account size that seeks to assist emerging and mass-affluent investors grow their wealth. Lockwood, serving as the Portfolio Manager, determines asset allocation

strategy and selects investment vehicles for the portfolios, based on its proprietary approach to asset allocation, macroeconomic outlook and investment discipline. As of the date of this Brochure, the portfolios consist solely of exchange-traded funds. However, these portfolios may consist of open and closed-end mutual funds, exchange-traded funds and other types of securities, as determined by Lockwood, in its sole discretion. The securities currently used in the WealthStart portfolios are subject to change at Lockwood's sole discretion. This process is described in more detail later in this Brochure.

The Program Fee for WealthStart accounts is billed quarterly in advance, as follows:

Account(s) Size	Program Fee for WealthStart
First \$500,000	0.40%
Next \$500,000	0.35%
Over \$1,000,000	0.25%

Lockwood's fees are negotiable under certain circumstances, in Lockwood's sole discretion. You may pay more or less than other Clients depending on certain factors, including type and size of accounts, the historical or anticipated transaction activity the range of services provided to you and your total relationship assets under management.

The WealthStart Program Fee includes Lockwood's advisory fee, Lockwood's sponsor fee, and Pershing's clearing and custody fee. The WealthStart Program Fee does not include fees or expenses that may be associated with the mutual funds and ETFs and account invests in, which include advisory fees and operational expenses such as transfer agent, distribution (12b-1), shareholder servicing, networking and recordkeeping fees and any transaction taxes associated with the underlying investments held. Your account will bear these fees and expenses as an investor in such mutual funds and ETFs and, as a result, you may bear higher expenses than if you invested directly in the securities held by such funds and/or other internal expenses.

In addition to the Program Fee for WealthStart accounts, the IAR may add a reasonable advisory fee, subject to the applicable written agreement between you and the IAR and/or IFP. With respect to WealthStart accounts, the IAR's fees will not be greater than 1.00%.

With respect to mutual funds that may be available through WealthStart in the future the respective mutual funds may charge a redemption fee if shares are redeemed by Lockwood within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective mutual funds' prospectuses. For complete details, you should review each mutual fund's prospectus. The mutual funds that could be used in WealStart are made available through Pershing.

If you have multiple WealthStart accounts, Lockwood may combine your accounts for fee calculation purposes subject to certain restrictions.

In addition to a lower minimum account size, the services offered by Lockwood for WealthStart

Portfolios may differ from the services offered in other Lockwood managed products, including, without limitation, fewer securities positions within individual models, a more limited number of securities types, more limited performance reporting, and fewer or different triggers for account rebalancing.

**Lockwood Asset Allocation Portfolios**

Lockwood Asset Allocation Portfolios (“LAAP”) is a discretionary mutual fund and ETF wrap account product with a \$50,000 minimum investment. Lockwood, serving as the Portfolio Manager, determines asset allocation strategy and selects investment vehicles for portfolios, based on its proprietary approach to asset allocation, macroeconomic outlook and investment discipline. These portfolios may consist of open and closed-end mutual funds, exchange-traded funds and other types of securities, as determined by Lockwood, in its sole discretion. The securities currently used in the LAAP portfolios are subject to change at Lockwood’s sole discretion. This process is described in more detail later in this Brochure.

The Program Fee for LAAP accounts is billed quarterly in advance, as follows:

Account(s) Size	Program Fee for LAAP
First \$500,000	0.40%
Next \$500,000	0.35%
Next \$4,000,000	0.30%
Next \$5,000,000	0.25%
Over \$10,000,000	0.20%

Lockwood’s fees are negotiable under certain circumstances, in Lockwood’s sole discretion. You may pay more or less than other Clients depending on certain factors, including the type and size of the accounts, the historical or anticipated transaction activity, the range of services provided to you and your total relationship assets under management.

The LAAP Program Fee includes Lockwood’s advisory fee, Lockwood’s sponsor fee, and Pershing’s clearing and custody fee. The LAAP Program Fee does not include fees or expenses that may be associated with the mutual funds and ETFs and account invests in, which include advisory fees and operational expenses such as transfer agent, distribution (12b-1), shareholder servicing, networking and recordkeeping fees and any transaction taxes associated with the underlying investments held. Your account will bear these fees and expenses as an investor in such mutual funds and ETFs and, as a result, you may bear higher expenses than if you invested directly in the securities held by such funds and/or other internal expenses.

In addition to the Program Fee for LAAP accounts, the IAR may add a reasonable advisory fee, subject to the applicable written agreement between you and the IAR and/or IFP.

With respect to mutual funds used in LAAP, the respective mutual funds may charge a redemption fee if shares are redeemed by Lockwood within a specified period of time. The amount of the redemption

fee, as well as the minimum holding period, is disclosed in each of the respective mutual funds' prospectuses. For complete details, you should review each mutual fund's prospectus. The mutual funds used in LAAP are made available through Pershing. Lockwood's affiliate, Pershing, may be paid certain fees relating to these mutual funds, such as networking and 12b-1 fees, which creates a conflict of interest for Lockwood.

If you have multiple LAAP accounts, Lockwood may combine your accounts for fee calculation purposes subject to certain restrictions.

**Lockwood/American Funds Core Portfolios**

Lockwood/American Funds Core Portfolios is a discretionary mutual fund and ETF wrap account product with a \$10,000 minimum account size. Lockwood, serving as the Portfolio Manager, allocates investor assets systematically across multiple asset classes and styles using asset classes and styles using American Funds mutual funds and other select ETFs in a single account. Lockwood determines the asset allocation strategy and selects investment vehicles for each investment style in the portfolio, based upon proprietary modeling strategies, economic outlook and investment research discipline. Lockwood is solely responsible for the fund selection and construction of the Lockwood/American Funds Core Portfolios and neither American Funds Distributors, Inc. nor its affiliates are involved in such activities, nor do American Funds Distributors, Inc. or its affiliates serve as investment adviser to Client accounts. The securities currently used in the Lockwood/American Funds Core Portfolios are subject to change at Lockwood's sole discretion. This process is described in more detail later in this Brochure.

The Program Fee for Lockwood/American Funds Core Portfolio accounts is billed quarterly in advance, as follows:

Account(s) Size	Program Fee for Lockwood/American Funds Core Portfolios
First \$500,000	0.40%
Next \$500,000	0.35%
Over \$1,000,000	0.25%

Lockwood's fees are negotiable under certain circumstances, in Lockwood's sole discretion. You may pay more or less than other Clients depending on certain factors, including type and size of accounts, the historical or anticipated transaction activity the range of services provided to you and your total relationship assets under management.

The Lockwood/American Funds Program Fee includes Lockwood's advisory fee, Lockwood's sponsor fee, and Pershing's clearing and custody fee. The Lockwood/American Funds Program Fee does not include fees or expenses that may be associated with the mutual funds and ETFs and account invests in, which include advisory fees and operational expenses such as transfer agent, distribution (12b-1), shareholder servicing, networking and recordkeeping fees and any transaction taxes associated with

the underlying investments held. Your account will bear these fees and expenses as an investor in such mutual funds and ETFs and, as a result, you may bear higher expenses than if you invested directly in the securities held by such funds and/or other internal expenses.

In addition to the Program Fee for Lockwood/American Funds Core Portfolio accounts, the IAR may add a reasonable advisory fee, subject to the applicable written agreement between you and the IAR and/or IFP. With respect to Lockwood/American Funds Core Portfolio accounts, the IAR’s fees will not be greater than 1.00%.

With respect to mutual funds that may be available through Lockwood/American Funds Core Portfolio in the future the respective mutual funds may charge a redemption fee if shares are redeemed by Lockwood within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective mutual funds’ prospectuses. For complete details, you should review each mutual fund’s prospectus. The mutual funds that could be used in Lockwood/American Funds Core Portfolio are made available through Pershing.

If you have multiple Lockwood/American Funds Core Portfolio accounts, Lockwood may combine your accounts for fee calculation purposes subject to certain restrictions.

**Third-Party Model Providers**

In the Third-Party Model Providers product, Lockwood provides you with access to asset allocation Models generated by Third Party Model Providers. Together with your IAR, you select the Model or Models I which you would like to invest. Lockwood acts as discretionary manager of your Account. Lockwood receives the Models from the Third-Party Model Providers and enters the trade orders accordingly. This process and Lockwood’s role as discretionary manager is described in more detail later in this Brochure.

The Program Fee for the Third-Party Model Providers accounts is billed quarterly in advance, as follows:

Account Size	Lockwood Program Fee for Third-Party Model Provider Portfolios
First \$500,000	0.30%
Next \$500,000	0.25%
Over \$1,000,000	0.20%

In addition, certain Third-Party Model Providers charge a fee (the “Model Provider Fee”). The Model Provider Fee varies by model and is shown in Exhibit B.

Lockwood’s fees are negotiable under certain circumstances, in Lockwood’s sole discretion. You may pay more or less than other Clients depending on certain factors, including type and size of accounts, the historical or anticipated transaction activity the range of services provided to you and your total relationship assets under management.

The Program Fee for the Third-Party Model Providers product includes the Lockwood advisory fee, Lockwood's sponsor fee, and the Pershing clearing and custody fee. The Program Fee does not include the Model Provider Fee or fees or expenses, which may be associated with the mutual funds and ETFs an account invests in, which include advisory fees and operational expenses such as transfer agent, distribution (12b-1), shareholder servicing, networking and recordkeeping fees and any transaction taxes associated with the underlying investments held. Your account will bear these fees and expenses as an investor in such mutual funds and ETFs and, as a result, you may bear higher expenses than if you invested directly in the securities held by such funds and/or other internal expenses.

In addition to the Program Fee and Model Provider Fee, the IAR may add a reasonable advisory fee, subject to the applicable written agreement between you and the IAR and/or IFP.

With respect to mutual funds contained in the Third-Party Model Providers Models, the respective mutual funds may charge a redemption fee if shares are redeemed by Lockwood within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective mutual funds' prospectuses. For complete details, you should review each mutual fund's prospectus. The mutual funds used in Third-Party Model Providers Models are made available through Pershing. Lockwood's affiliate, Pershing, may be paid certain fees relating to these mutual funds such as networking and 12b-1 fees, which creates a conflict of interest for Lockwood. In addition, the mutual funds and/or exchange-traded funds included within some Third-Party Model Provider Models may be advised or otherwise affiliated with the Third-Party Model provider ("Third-Party Model Provider Affiliated Funds"). As a result, the Third-Party Model Provider or its affiliates would receive fees from the Third-Party Model Provider Affiliated Funds in addition to any applicable Third-Party Model Fee shown in Exhibit B.

If you have multiple Lockwood/American Funds Core Portfolio accounts, Lockwood may combine your accounts for fee calculation purposes subject to certain restrictions.

If you have multiple Third-Party Model Provider Models accounts, Lockwood may combine your accounts for fee calculation purposes subject to certain restrictions.

### **Investment Strategy Portfolios**

Lockwood may also offer a diversified series of Investment Strategy Portfolios, which are suggested separate account Portfolio Manager mixes consisting of options for taxable accounts and total return options for larger accounts as described above. Lockwood designs these proprietary asset allocations to meet a Client's stated investment objectives. In the Investment Strategy Portfolios, Lockwood selects certain Portfolio Managers and/or investment vehicles for the asset allocation. You and your IAR may override Lockwood's suggestions as to Portfolio Manager(s) or investment vehicles, in whole or in part. Lockwood does not charge any fee in addition to the Program Fee for this service.

## **Advisory Consulting Services**

Lockwood may provide Advisory Consulting Services (“ACS”), consisting of proposal support, portfolio analysis, and program consultation, to IFP and its IARs. Upon request of IFP or the IAR, Lockwood analysts on the ACS team may provide consultative services regarding the available Portfolio Managers for a given asset class, or a deeper analysis on the performance and/or holdings of a “Covered Manager”, as defined in Item 6. Further, upon request of IFP or the IAR, Lockwood analysts may provide an analysis of an investor’s portfolio of assets, or guidance on how the IAR can rebalance the account among existing Portfolio Managers or by changing to another Portfolio Manager or investment product. Lockwood does not charge a fee in addition to the Program Fee for this service.

## **Performance Link**

Lockwood Provides you with Performance Link functionality. Performance Link allows for consolidated performance reporting of managed accounts and retail accounts. Lockwood provides this performance reporting on a quarterly basis. You select the performance benchmark to be applied to the affected accounts.

The fee for Performance Link functionality is on a per account basis (based on Account Level Assets), as follows:

First \$500,000	0.03%
Next \$500,000	0.02%
Over \$1,000,000	0%

The minimum fee charged per quarter per account is \$35.00. The maximum fee charged per quarter per account is \$62.50.

## **IFP Wrap-Fee Program Comparison Guide – Asset-Based Pricing (in bps)**

	Pershing	Fidelity	Charles Schwab	TD Ameritrade
\$0 - \$249,999	8	8	40	13
\$250,000 - \$499,999	8	8	20	10
\$499,999 - \$999,999	8	8	20	8
\$1,000,000- \$4,999,999	7	7	12	6
\$5,000,000 +	6	6	12	6

The above Fee Schedule is based on the amount of money you invest in the Platform and is not dependent on the amount of trading in the account or the advice given in any particular time period. Transactions in accounts are executed for a single wrap fee, which reduces the potential conflict of interest associated with executing orders for accounts and earning transaction-based compensation in connection with each trade order. You should be aware that lower fees for comparable services may



be available from other sources.

### **Fees in General**

The payment(s) that IAR may receive is/are in addition to the production bonuses, stock options and other economic benefits that IAR may be entitled to receive as a Registered Representative of LPL. The amount of any of these payments are significant in relation to the overall revenue earned or compensation received by the IAR at his/her prior firm. Such payments are generally based on the size of the representative's business established at his/her prior firm and/or assets expected to be under custody on the LPL platform. As a result, IAR may have a financial incentive to recommend that clients establish an account with LPL. This financial incentive creates a conflict of interest in connection with IAR's recommendation of LPL.

Clients should be aware that other investment advisers may charge lower fees for similar investment advisory services. A client could also invest on his or own in a security or a portfolio of securities directly without being charged for investment advisory services. Clients should be aware that investment advisory program fees charged may be higher or lower than if the client elected to execute transactions on a commission basis for each transaction in a commission-based brokerage account. Investment advisory fees may be subject to negotiation depending upon a range of factors including, but not limited to account size and the type of investment advisory services provided.

Clients should consider the value of these investment advisory services when making such comparisons. The combination of custodial, investment advisory and brokerage services provided may not be available separately or would require maintaining multiple accounts, documentation, and fees. Clients should also consider the amount of anticipated volume of trading activity when selecting among the investment advisory programs when assessing the overall cost. Investment advisory programs typically take into consideration certain volume of trading activity and therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash allocations may result in higher investment advisory fees being paid over time than if the client had been charged a commission separately for each transaction.

A portion of the investment advisory fees or commissions charged for the programs may be paid to IFP in connection with soliciting clients to third-party advisers under a Solicitor's Agreement. This compensation may be more or less than if the client paid separately for the third-party money managers investment advice, brokerage, and other services, and may vary depending on the investment advisory program or services offered by the third-party adviser.

### **Account Termination**

Termination and refund terms and conditions are outlined in each client's Investment Advisory Agreement with IFP. TPAMs and other program sponsor(s) selected by IFP for clients have their own policies for account terminations and refunds. IFP typically has no control over any contractual provisions imposed by third parties.

## **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

IFP does not charge any investment advisory fees based on a share of capital gains or on capital appreciation of the assets of a client.

IFP does not participate in any investment advisory programs that charge performance-based fees, nor does IFP permit its IARs to enter performance-based fee arrangements with their clients.

Many IARs also make individual recommendations in commission-based brokerage accounts for their clients. The client's investment objectives and risk tolerance in a commission brokerage account may be different than those in the client's investment advisory asset management accounts. Additionally, clients in commission brokerage accounts may receive an execution price that may be higher or lower than the execution price in an investment advisory account.

## **ITEM 7. TYPES OF CLIENTS**

IFP provides investment advisory services to the following types of clients:

- Individuals, including high net worth individuals
- Pension and Profit Sharing Plans
- Charitable Organizations
- Corporations, Partnerships and other businesses not listed above

Clients eligible to enroll in the Schwab Performance Technologies (SPT) Program include individuals, IRAs and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open an account in the Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

Retirement Plan Consulting Program ("RPCP") is available to clients that are trustees or other fiduciaries to Plans, including 401(k), 457(b), 403(b) and 401(a) plans. Plans include participant directed defined contribution plans and defined benefit plans. Plans may or may not be subject to ERISA. LPL does not require a minimum asset amount for retirement plan consulting services.

Small Market Solutions ("SMS") is available to clients that sponsor and maintain participant-directed defined contribution plans that are subject to ERISA. LPL does not require a minimum asset amount for SMS investment advisory or consulting services.

The investment advisory services provided by LPL and its IARs or IFP, as applicable, are services that are provided only to the Plan Sponsor or the Plan, and not to any particular Plan participant.

## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

IARs use a variety of methods to analyze a client's situation as well as economic factors to develop investment advice and recommendations. IARs may use one or more of the following methods of analysis to formulate investment advice or manage the client's account:

- **Charting**: In this type of technical analysis, the IAR reviews charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.
- **Fundamental Analysis**: IARs evaluate economic and financial factors to determine if a security may be underpriced, overpriced or fairly priced. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.
- **Technical Analysis**: IARs analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in against the overall market in an attempt to predict the price movement of the security.
- **Quantitative Analysis**: IARs use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of some share price or earnings per share and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.
- **Qualitative Analysis**: IARs subjectively evaluate non-quantifiable factors and attempt to potentially predict changes to share price based on that data.
- **Asset Allocation**: IARs attempt to identify an appropriate ratio of asset classes that are consistent with the client's investment objectives and risk tolerance.
- **Mutual Fund and/or ETF Analysis**: IARs evaluate a variety of factors in an attempt to potentially predict the future performance of the mutual fund or ETF. The IAR may consider the experience, expertise, investment philosophy, strategy and past performance to determine if a manager has demonstrated the ability to invest over a period of time and in different market conditions. The IAR may monitor the manager's underlying holdings, strategies and concentrations. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security,

increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

- **Third-Party Money Manager Analysis:** IFP examines the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. IFP may monitor the manager's underlying holdings, strategies, concentrations and the due-diligence process and survey the manager's compliance and business enterprise risks. A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as IFP does not control the manager's daily business and compliance operations, IFP may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Recommendations will be based on the information provided by the client, the IAR's discussions with the client, the IAR's analysis of the client's financial situation, investment objectives and risk tolerance and general economic or tax considerations. If the client's personal, financial situation, investment objectives or risk tolerance change, they are advised to promptly notify their IAR. Clients should discuss with their IAR the methods of analysis and strategies used by the IAR.

When providing investment advisory services in RPCP, IARs may recommend asset allocation strategies. LPL makes available to IARs providing written investment and asset allocation recommendations in RPCP an investment analysis scorecard (the "Scorecard"). The scorecard system is intended to identify suitable investments using a consistent process and monitor the investments on a periodic basis. The system takes into account historical data and uses a 12-point scoring system based on quantitative factors (e.g., style drift, performance, risk and risk-adjusted returns) and qualitative factors (e.g., operating expenses, manager tenure).

It is important to note that although LPL makes available research materials and a scoring system to IARs in connection with services provided under RPCP, an IAR may take into consideration these materials to a limited extent or not at all. Clients are encouraged to speak to their IAR directly to discuss the IAR's particular approach and strategy for providing consulting services to the Plan. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

Under SMS, LPL Research is responsible for the selection of investment options to be made available to participants in a Plan. The applicable Plan Sponsor adopts an Investment Policy Statement that it believes is consistent with the investment needs of the participants in its Plan, and LPL Research selects investment options consistent with such Investment Policy Statement. As part of its evaluation of investment options for a Plan, LPL Research utilizes the Scorecard described above for investment options with at least five years of operating history (or three years for target date funds). A particular

investment option generally must score at least seven of the possible twelve points, unless it is a passively managed index-based strategy. In addition, an investment option should (i) be competitive with the median return for an appropriate, style-specific benchmark and peer group; (ii) have specific risk and risk-adjusted return measures within a reasonable range relative to appropriate, style-specific benchmark and peer group; (iii) demonstrate adherence to the stated investment objective, without excess style drift over trailing performance periods, for funds in a similar investment category; and (iv) charge competitive fees compared with similar investments. The investment manager of an investment option also should be able to provide portfolio holdings, performance, and other relevant information in a timely fashion, with specified frequency.

LPL Research will regularly monitor a Plan's investment options and investment categories for compliance with its investment objectives and to assess whether a particular investment option continues to be appropriate for the Plan. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an ongoing process. Recognizing that short-term fluctuations may cause variations in performance, when monitoring investments under a Plan, LPL Research will evaluate investment performance from a long-term perspective. Monitoring utilizes the same criteria that were the basis of the investment selection decision.

### **Risks of Various Methods of Analysis**

There are risks inherent in each type of analysis described above. For example, a risk of any method of analysis that considers the past performance of investments for future performance is that past performance does not guarantee future results. Some methods of analysis, such as fundamental analysis, focus on identifying the value of the company without considering external factors, such as market movements. Failure to consider external factors presents a potential risk, as the price of a security may be impacted by the overall market, regardless of the economic and financial factors considered in evaluating the specific risk. Other methods of analysis, such as technical analysis, evaluate external factors but do not consider the underlying financial condition of the company. Failure to consider a company's underlying value presents a risk that a poorly managed or financially unsound company may under-perform regardless of positive market movements.

A risk of investing with a third-party money manager who has been successful in the past is that the manager may not be able to replicate that success in the future. Therefore, any method of analysis is not proven to work in all market conditions. All investments and investment strategies involve various risks, and there is no guarantee that any investment or investment strategy will meet its objective(s). Investing in the financial markets always involves the possible risk of loss of principal.

The Schwab Performance Technologies ("SPT") program Disclosure Brochure includes the various risks associated with the Schwab Performance Technologies ("SPT") program, including the risks of investing in ETFs, as well as risks related to the underlying securities in which ETFs invest. In addition, the Schwab Performance Technologies ("SPT") program Disclosure Brochure also describes market/systemic risks, asset allocation, strategy, diversification risks, investment strategy risks, trading

and liquidity risks, and large investment risks.

Under RPCP, fiduciaries of a Plan may choose to select a number of different types of securities and insurance products to make available to Plan participants, including mutual funds, group annuity contracts, collective investment funds, GICs, ETFs, stable value funds, annuity subaccounts or other securities. Each different type of security or product carries with it risks that are inherent in that specific type of security. Mutual funds, collective investment funds, ETFs and annuity subaccounts may also invest in varying types of securities which carry these risks. Investing in securities involves the risk of loss that clients should be prepared to bear.

Described below are some particular risks and features associated with investing in general, as well as with some types of investments that may be purchased by a plan.

- **Market Risk:** This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk:** This is the risk that fixed-income securities will decline in value because of an increase in interest rates; a bond or fixed-income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk:** This is the risk that an investor could lose money if the issuer or guarantor of a fixed-income security is unable or unwilling to meet its financial obligations.
- **Group Annuities:** If a client purchases a group annuity contract for a Plan, the client should read and understand the group annuity contract and all other offering material prepared by the issuing insurance company prior to making an investment decision. In considering whether to purchase a particular group annuity for the Plan, the client should be aware that:
  - A group annuity is a contract between the plan sponsor or the plan trustee and the issuing insurance company that covers the participants in the plan.
  - A group annuity variable annuity consists of separate accounts that typically invest in underlying investment portfolios, the value of which fluctuate with the market value of the securities in the portfolio.
  - Although a group annuity is issued by an insurance company, the annuity's investment returns are not "insured" or guaranteed and risk of loss of principal does exist; however, the product may offer participants an option to purchase an annuity with a guaranteed component instead of a cash payout. Any such guarantee for an individual annuity is subject to the claims-paying availability of the insurance company.
  - A group annuity held in a tax-qualified retirement plan does not provide any additional tax deferred treatment of earnings for the plan or participants beyond the treatment provided by the plan itself.
  - A group annuity contract generally is not a registered security and separate account is generally not a registered separate account. Therefore, the contract and separate account are not subject to registration or regulation by the SEC under the Securities Act of 1933, the Securities Exchange Act of 1934 or the Investment Company Act of 1940.
  - Unlike mutual funds and registered variable annuities, which are SEC-registered

products, a group annuity generally is not required to prepare or deliver a prospectus.

- A group annuity contract typically involves various fees and expenses, including administrative fees for certain services of the insurance company, such as recordkeeping, customer services and enrollment. These fees and expenses are in addition to the fees and expenses of the underlying investment options, which a participant will indirectly bear by investing in those investment options through the group annuity.
- Investment Company Risk: Investments in investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses.
- Stable Value Funds: If you are considering a stable value product to make available as an investment option for a Plan, you should review the contract for the product and understand and consider the following:
  - A stable value fund is a fixed-income investment fund with a "wrap" contract issued by a bank or insurance company. These wrap contracts seek to allow participants to transact at their book value (which, generally speaking, is their invested balance plus any accrued interest).
  - The objective of stable value funds, in general, is to preserve capital while providing a relatively stable rate of return that seeks to exceed returns provided by money market funds. Although designed as a low-risk investment, participants can lose money by investing in a stable value fund.
  - Stable value funds can be viewed as an alternative to money market funds; however, there are important differences, and stable value products can be complicated. Unlike money-market funds, stable value funds are typically not registered with the SEC. In addition, they are not guaranteed by the U.S. government, LPL, IFP, or the Plan. The structure of, or investments within, stable value funds may vary, and it is important to consider these differences when selecting a stable value fund.
  - Although a contract may provide for book value (even if fair market value is less) for participant-initiated events, the contract typically will not provide for book value for certain employer-initiated events (e.g., plan terminations, layoffs, sale of a division, employer bankruptcies, or change in recordkeepers). In the case of employer-initiated events, the contract typically will provide for a fair market value adjustment, which will not allow the Plan or participants to immediately receive book value if fair market value is less. It is important that plan sponsors understand these terms of the contract, in particular, as it will be a consideration in a future decision as to whether to terminate the stable value product provider.
  - As the stable value product wrap provider guarantees the receipt of book value to participants, it is important to consider the financial stability of the provider. It is also important to understand the underlying assets of the stable value product, as the type and quality of the assets will bear on the risk vs. reward characteristics that result in a variance between book value and fair market value.
  - There are fees and costs associated with stable value products.

## ITEM 9. DISCIPLINARY INFORMATION

IFP is required to disclose any disciplinary actions against the firm. The detailed information for the actions below can also be found on IFP's Form ADV Part 1 on the SEC's website at [www.sec.gov](http://www.sec.gov).

IFP discloses the following disciplinary information:

1. On January 13, of 2012, IFP agreed to and signed a Stipulation and Consent Order with the State of Florida Office of Financial Regulation that IFP and two of its IARs engaged in investment advisory business in the state of Florida without being properly registered. IFP paid a \$20,000 fine and also paid \$10,000 fines on behalf of each IAR.
2. On October 7, 2013, IFP agreed to and paid an Administrative Penalty in the amount of \$2,500 to the State of California, Department of Business Oversight for failing to properly register an IAR in the State of California.
3. On December 3, 2013, IFP agreed to and signed a Cease and Desist Order with the State of Oregon, Department of Consumer and Business Services, Division of Finance and Corporate Securities for failing to properly license an IAR who had a place of business in the state of Oregon. IFP paid a \$3,600 fine.

## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### Affiliations

The majority of IFP's Investment Adviser Representatives ("IARs") also solicit, recommend, offer and sell securities through LPL as Registered Representatives. The majority are also licensed as independent insurance agents and hold insurance licenses in the states where they solicit, offer and sell insurance products and are appointed with and represent various insurance companies. As such, IARs are able to receive separate, yet customary commission compensation resulting from the purchase and sales of securities and insurance product transactions on behalf of their investment advisory clients. Clients are not under any obligation to purchase or sell securities or insurance products through the IAR when considering whether to implement any investment advisory recommendations made by the IAR. The decision to implement any or all recommendations is solely based on the discretion of the client.

IFP also offers a non-qualified deferred compensation and executive benefits platform through its affiliation with IFP Insurance Group. IFP Insurance Group is also affiliated with The Leaders Group, member FINRA and SIPC. The Leaders Group is not affiliated with and does not own or control IFP Advisors.

IFP Group, LLC is now the parent company of IFP Advisors, LLC and all of IFP's other affiliates, listed



below.

## **IFP Insurance Group, LLC**

IFP Insurance Group may be utilized by IFP's IARs to place fixed insurance business. However, IFP's IARs are not contractually obligated to place fixed insurance business through IFP Insurance Group. Core services offered include:

- Case Design
- Consultation
- Field Underwriting

## **IFP Asset Management , LLC**

IFP Asset Management ("IFPAM") is a team of investment professionals designed to provide a resource for advisors with investment related questions or who want to outsource the asset management portion of their business, similar to selecting a third-party asset manager. IFP Asset Management receives a portion of the advisory fee paid by the client to the IAR. By serving a large and diverse advisor group, IFP Asset Management is exposed to a variety of needs and is therefore able to recognize and adapt to changing industry trends. Core services offered include:

- **Model Portfolios**: Constructing model portfolios that provide IFP's financial advisors access to a wide variety of asset management strategies. Advisors can implement the models themselves or can have IFP Asset Management manage their assets and implement the strategies within their clients' accounts.
- **Investment Strategy and Consulting**: Helping advisors understand IFPAM's strategies and working with them to select a model portfolio that best fits the profile of their client. IFPAM also provides custom strategies for higher net worth clients.
- **Investment Research and Due Diligence**: Performing due diligence and commentary on a wide range of investments.
- **Financial Planning**: Offering a full service, turnkey program from data gathering all the way up to plan implementation/integration.
- **Investment Proposals**: Working with advisors on custom recommendations and proposals for prospects and clients.

## **IFP Plan Advisors, LLC**

IFP Plan Advisors ("IFPPA") is a division of IFP, presenting a community of over 150 plan specialists who provide investment advice to over 1,700 retirement plans with over \$41 billion in assets under care. IFPPA advisors provide plan sponsor clients and plan participants with a variety of services as fiduciaries [as defined in the Employee Retirement Income Security Act of 1974 ("ERISA")], including non-discretionary investment recommendations as specified in ERISA Section 3(21)(A)(ii) and serving

as discretionary investment managers as specified in ERISA Section 3(38). IFPPA advisors also offer a variety of services while not acting as ERISA fiduciaries. These non-ERISA fiduciary duties include assisting plan sponsors by providing:

- Guidance regarding plan governance and committee education
- Help selecting and reviewing other service providers
- Employee/participant investment education and communication, and
- Consulting services to assist with plan design (“settlor”) decisions.

## **IFP Institutional Services, LLC**

IFP Institutional Services works with financial institutions to deliver a turnkey solution to introduce wealth services into the organization or assist in re-engineering an existing program. A portion of the client’s investment advisory fee will be paid by IFP to the financial institution pursuant to a fee sharing arrangement for as long as the agreement with the institution is in effect. The financial institution does not provide any investment advisory services to the client.

By leveraging LPL’s broker-dealer platform, IFP Institutional Services can assist IFP’s IARs in building or growing their independent practices through alignment with a financial institution. Core services offered include:

- **Advisor Consulting**: Assist advisors to research, identify and cultivate financial institution relationships
- **Marketing**: Collateral, website and event support for Financial Institutions to effectively build wealth program experience
- **Negotiating**: Custom program design, contract negotiations, side-by-side guidance for the IAR and the Financial Institution.
- **Program Administration**: IFP Institutional Services’ turnkey solution contributes strategic guidance and regulatory oversight.
- **Program Launch**: Recruiting, onboarding, introductory coordination of RIA, securities and insurance.

Certain IARs within Financial Institutions are registered IARs through LPL only. Through IFP’s relationship with LPL, IFP performs supervisory functions related to brokerage business conducted by the RR.

## **Potential Conflicts of Interest with Associated Independent Registered Investment Advisors**

In addition to or in lieu of their registrations as IARs of IFP, certain IARs have their own registered independent investment advisory forms (“an Independent RIA”). An Independent RIA can have three different but concurrent roles:

- As a registered representative of LPL who receives commissions for recommending securities
- As an IAR of IFP who receives a fee for rendering advisory services on behalf of IFP
- As an independent IAR of an Independent RIA who offers services outside of IFP (see references to LPL Financial, LLC and Sheridan Road Investment Advisors, above).

Clients should be aware that the receipt of additional compensation while acting in concurrent roles creates a conflict of interest and impair the objectivity of these IARs when making advisory recommendations. Clients are not obligated to purchase recommended investment products from our IARs or associated Independent RIAs.

## **Other Outside Business Activities**

Some IARs may own or be affiliated with other independent Registered Investment Adviser (“RIA”) firms that are not affiliated with LPL or IFP. These firms are not owned or controlled by IFP and their activities are not supervised by IFP. Typically, IARs that own or are affiliated with another independent RIA firm may only offer and provide fee-based financial planning services through the RIA. Fees for financial planning services provided by the IAR through their own independent RIA are separate and distinct from any fees paid to IFP in their capacity as an IAR of IFP.

Clients that engage an IAR through a non-IFP or LPL affiliated RIA firm will receive a copy of that firm’s disclosure documents and execute a financial planning client agreement specifying the financial planning services to be provided and fees to be charged by the independent RIA. Certain IARs may have other business activities and offer other professional services, such as tax preparation, accounting, legal, real estate, employee benefits consulting, or have other businesses, that are outside business activities from their registration as an IAR of IFP. IFP does not supervise or receive compensation from these other outside business activities. IARs engaging in these other outside business activities do so independently of their registration with IFP.

Clients should be aware that the receipt of additional compensation by IFP, its management persons, its IARs or employees creates a conflict of interest that has the potential to impair the objectivity of IFP, its management persons and IARs when making investment advisory recommendations. IFP and its IARs endeavor at all times to place the best interest of our clients first as part of our fiduciary duty as a Registered Investment Adviser. IFP takes steps, including but not limited to the those below to help address potential conflicts and conflicts of interest:

- IFP discloses to clients the existence of material conflicts of interest, including the potential for IFP, its IARs and employees to earn compensation from advisory clients in addition to our advisory fees;
- IFP discloses to clients that they are not obligated to purchase recommended investment products through our IARs;
- IFP collects and maintains relevant client background information, including the client’s financial goals, investment objectives and risk tolerance;
- IFP conducts periodic reviews of client accounts to verify that recommendations made to a client

are suitable based on the client's stated investment objectives, risk tolerance, time horizon and needs;

- LPL Financial does not permit IFP's IARs that are dually registered with LPL Financial to earn commissions on securities purchased for IFP advisory clients
- IFP requires that prior to engaging in an outside business activity the IAR must make a written request and receive written approval to ensure that any conflicts of interests in outside business activities are properly addressed;
- IFP periodically monitors its IARs' outside business activities to verify that any conflicts of interest continue to be properly addressed; and
- IFP requires that all IARs and employees receive initial and annual training regarding the responsibilities of acting as a fiduciary

### **Potential Conflicts of Interest with Accountant or Accounting Firms**

Some IARs provide tax and/or accounting services through an account firm. IARs providing these types of services do so outside of their affiliation with IFP. While these activities are approved as outside business activities, the services are not offered through IFP or endorsed by IFP.

### **Potential Conflicts of Interest with Lawyers or Law Firms**

Some IARs provide legal services through a law firm. IARs providing these types of services do so outside of their affiliation with IFP, and the services are not offered through IFP nor endorsed by IFP.

## **ITEM 11. CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

IFP has adopted a Code of Ethics that includes a Personal Trading Policy that applies to all of our employees and IARs. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. Upon employment or affiliation and at least annually thereafter, all supervised persons will acknowledge that they have read, understand and agree to comply with IFP's Code of Ethics.

In compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988 ("ITSFEA"), IFP has established and will maintain and enforce written policies reasonably designed to prevent the misuse of material, nonpublic information by IFP or any person associated with IFP. In consideration of and in compliance with ITSFEA, IFP forbids any officer or employee, either personally or on behalf of others, to trade on material, nonpublic information or to communicate such information to others in

violation of the law.

An investment adviser is considered a fiduciary as defined under 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 our clients at all times. IFP, its employees, and its IARs have a fiduciary duty to all advisory clients. To assist our employees and IARs in meeting these obligations, IFP has adopted standards of business conduct that are outlined in our Code of Ethics. IFP requires all of its supervised persons to conduct business with integrity and to comply with all federal and state securities laws at all times.

### **Participation or Interest in Client Transactions**

There may be instances where an IAR will recommend to investment advisory clients or prospective clients the purchase or sale of securities in which IFP, its affiliates, the IAR and/or other clients may also have a position or interest.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis. Generally, in such circumstances the affiliated and client accounts will share execution costs equally and receive a total average price. IFP will retain records of the trade order specifying each participating account and its allocation. Completed trade orders will be allocated according to the instructions from the initial trade order. Partially filled trade orders will be allocated on a pro-rata basis. Any exceptions will be explained on the trade order. Additional information on IFP's trade aggregation policies can be found in Item 12.

### **Personal Trading**

Subject to IFP's Code of Ethics and applicable securities laws, the employees and IARs of IFP and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased by IFP's clients. The Code of Ethics is designed to assure that the personal securities transactions of the employees and IAR advisory clients and (2) when implementing such decisions allowing employees to invest for their own accounts.

IFP and its IARs may or may not maintain investment positions in their personal portfolios that are recommended to clients. In fact, IFP and its IARs may take positions or execute transactions for their personal accounts which are materially different than the positions or transactions recommended for their clients. Employees and IARs are expected to purchase or sell a security for their personal accounts only after trading of that same security has been executed in customer accounts.

Because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity in clients' accounts with a security also held by an employee. Therefore, a conflict of interest exists when IFP and its IARs purchase and sell the same securities owned by our clients. Trading activity of IARs and employees is reviewed and monitored under the Code of Ethics to help reasonably prevent this conflict

of interest in trading between IFP and its clients.

IFP's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the firm at the address noted on the cover of this brochure.

## **ITEM 12. BROKERAGE PRACTICES**

### **Research and Other Benefits**

The custodians used by IFP may make available other products and services that benefit IFP but may not directly benefit the client or their accounts. These products and services assist IFP and the IAR in managing and administering the clients' accounts. These include investment research, access to client account data (such as duplicate trade confirmations and account statements), facilitation of trade execution, allocation of aggregated trade orders for multiple client accounts, pricing and other market data, facilitation of payment of our fees from clients' accounts, assistance with back-office functions, recordkeeping, and client reporting.

Some services help IFP manage and further develop its business operations. These services include publications, educational conferences and events, and consulting on technology, compliance, legal, and other business needs.

In connection with services offered under RPCP and SMS LPL or an IAR may recommend that a Plan use a certain retirement plan platform or service provider (such as a recordkeeper or administrator). In the case of RPCP, LPL may serve as broker-dealer in connection with the sale of securities or insurance products to the Plan. As noted above, for Plans that are subject to ERISA or are otherwise subject to Section 4975 of the Code, 12b-1 fees paid by product sponsors to LPL and IAR as broker-dealer of record to the Plan are used to offset the RPCP fee.

### **Selection of Brokers/ Dealers and/or Custodians**

The Custodians will hold customer assets and buy and sell securities based on the investment discretion of the IAR or, if the client does not authorize the IAR discretion, based on the instructions for each transaction by the client. Clients will enter into a separate account agreement directly with the Custodian. If the Client chooses to use a third-party money manager ("TPAM"), the TPAM may have arrangements with or only use certain custodians. The client agreement for the chosen TPAM will disclose its custodial arrangements.

IFP allows its IARs to manage accounts through a number of different Custodians. Every Custodian approved by IFP has an affiliated broker/dealer that is registered with the SEC and is a member of FINRA and SIPC. Clients are free to select and implement investment recommendations with any of these approved custodians. When clients decide to implement the investment recommendations from their IAR, the client will be required to establish an investment advisory account through one of these Custodians.

As previously stated, IFP IARs may also be RRs of LPL Financial. These dually registered IFP IARs are restricted from maintaining client accounts at or executing client transactions in their clients' accounts through any broker/dealer or custodian that is not approved by IFP. It should be noted that not all RIAs require their clients to use specific broker-dealers and/or other custodians required by the RIA. The fees charged by other broker-dealers may be higher or lower than those charged by the broker/dealers and/or custodians used by IFP.

Clients may pay a ticket charge for each transaction executed through LPL Financial or the Custodian. IFP may retain a portion of this ticket charge. This compensation received by IFP is not shared with the IAR providing investment advisory services to clients. The receipt of a portion of the ticket charge represents a conflict of interest.

While LPL Financial does not participate in, or influence the formulation of, the investment advice of IFP IARs, IFP IARs are restricted by certain FINRA rules and policies from maintaining client accounts at another custodian or executing client transactions in such client accounts through any broker-dealer or custodian that is not approved by LPL. As a result, the use of other trading platforms must be approved not only by IFP, but also by LPL. Clients should also be aware that for accounts where LPL serves as the custodian, the IAR is limited to offering services and investment options that are approved by LPL and may be prohibited from offering services and investment options that may be available through other broker-dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment options offered through LPL.

Clients should understand that not all investment advisers require, request or recommend that clients custody their accounts and trade through specific broker-dealers.

Clients should also understand that LPL is responsible under FINRA rules for supervising certain business activities of IARs that are conducted through broker-dealers and custodians other than LPL. LPL charges a fee for its oversight of activities conducted through these other broker-dealers and custodians. This arrangement presents a conflict of interest because IARs may have a financial incentive to recommend that the client maintain their account with LPL, rather than with another broker-dealer or custodian, to avoid incurring the oversight fee.

### **Benefits Received by IFP Personnel**

LPL makes available to IARs various products and services designed to assist IFP in managing and administering client accounts. Many of these products and services may be used to service all or a substantial number of IFP's accounts, including accounts not held with LPL. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and aggregation and allocation of trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of IFP's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting.

LPL also makes available to IFP other services intended to help IFP manage and further develop its business. Some of these services assist IFP to better monitor and service program accounts maintained at LPL, however, many of these services benefit only IFP - for example, services that assist IFP in growing its business. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support and other products. Where such services are provided by a third-party vendor, LPL will either make a payment to IFP to cover the cost of such services, reimburse IFP for the cost associated with the services, or pay the third-party vendor directly on behalf of IFP.

The products and services described above are provided to IFP as part of its overall relationship with LPL. While as a fiduciary IFP endeavors to act in its clients' best interests, the receipt of these benefits creates a conflict of interest because IFP's recommendation to Clients to custody their assets at LPL is based in part on the benefit to IFP of the availability of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by LPL. IFP's receipt of some of these benefits may be based on the amount of advisory assets on the LPL platform.

### **Transition Assistance Benefits**

LPL provides various benefits and payments to dually registered IARs that are new to the LPL platform to assist the IAR with the costs (including foregone revenues during account transition) associated with transitioning his or her business to the LPL platform. The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the IAR's business, satisfying any outstanding debt owed to the IAR's prior firm, offsetting account transfer fees payable to LPL as a result of the IAR's clients transitioning to LPL's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments may be significant in relation to the overall revenue earned or compensation received by the IAR at his/her prior firm. Such payments are generally based on the size of the IAR's business established at his/her prior firm and/or assets under custody on the LPL platform. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments the IAR receives. Client should discuss any such potential conflicts of interest with the IAR before making a decision to custody your assets at LPL.

### **Brokerage and Custody Costs**

IFP's approved custodians generally do not have a separate charge for custodial services, but the custodians are compensated by charging commissions or other fees on transactions executed in a client's account. These fees are in addition to the commissions or other compensation a client may pay the executing broker/dealer.



IARs do not negotiate commission rates with LPL Financial or the custodians. Clients will pay the usual and customary brokerage commission rates charged by the affiliated broker/dealer executing the transactions. Insurance product transactions may be executed through insurance companies or insurance agencies that are not affiliated with IFP. The commission amount or percentages are set by the insurance companies or agencies and not by IFP.

IFP and the IAR do not represent that the commissions or other amounts charged by LPL Financial or any other custodian or any insurance company or agency are the same as or lower than commissions charged by other broker/dealers or insurance companies or agencies. The commissions or other amounts charged by LPL Financial, the custodians, insurance companies or agencies may be higher than those available from other firms. The client may choose to implement securities or insurance product transactions through other firms, insurance companies or agents.

In addition to IFP's portfolio management and other services, the Schwab Institutional Intelligent Portfolios™ platform ("Platform") includes the brokerage services of CS&Co, a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co by entering into an account agreement directly with CS&Co. IFP does not open the account for the client. If the client does not wish to place his or her assets with CS&Co, then IFP cannot manage the client's account through the Program. CS&Co. may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for IFP's clients and accounts for clients of other independent investment advisory firms using the Platform.

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like IFP. Through Schwab Advisor Services, CS&Co provides IFP and its clients, both those enrolled in the Program and our clients not enrolled in the Program, with access to its institutional brokerage services – trading, custody, reporting and related services – many of which are not typically available to CS&Co retail customers. CS&Co also makes available various support services. Some of those services help IFP manage or administer our clients' accounts while others help us manage and grow our business. CS&Co's support services described below are generally available on an unsolicited basis (IFP doesn't have to request them) and at no charge to IFP. The availability to IFP of CS&Co's products and services is not based on IFP giving particular investment advice, such as buying particular securities for IFP's clients. Below is a more detailed description of CS&Co's support services:

CS&Co's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which IFP might not otherwise have access or that would require a significantly higher minimum initial investment by IFP's clients. CS&Co's services described in this paragraph generally benefit the Client and the Client's account.

CS&Co also makes available to IFP other products and services that benefit IFP but may not directly

benefit the Client or his/her account. These products and services assist us in managing and administering IFP's Clients' accounts. They include investment research, both Schwab's own and that of third parties. IFP may use this research to service all or some substantial number of our Clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from IFP's clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

CS&Co also offers other services intended to help IFP manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

CS&Co may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to IFP. CS&Co may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. CS&Co may also provide IFP with other benefits such as occasional business entertainment of our personnel.

The availability of services from CS&Co benefits IFP, because we do not have to produce or purchase them. IFP does not have to pay for these services, and they are not contingent upon IFP committing any specific amount of business to CS&Co in trading commissions or assets in custody. With respect to the Schwab Institutional Intelligent Portfolios™ program, as described above under Item 4 Advisory Business, IFP does not pay SPT fees for its services in connection with the Schwab Institutional Intelligent Portfolios™ program, so long as IFP maintains \$100 Million in client assets in accounts at CS&Co that are not enrolled in the Schwab Institutional Intelligent Portfolios™ program. In light of IFP's arrangements with Schwab, IFP may have an incentive to recommend or require that its clients maintain their accounts with CS&Co based on our interest in receiving Schwab's services that benefit IFP's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This creates a conflict of interest as it may provide IFP with an incentive to recommend or require that its clients with accounts not enrolled in the Schwab Institutional Intelligent Portfolios™ Program be maintained with CS&Co. IFP believes, however, that its selection of CS&Co as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of CS&Co's services and not Schwab's services that benefit only IFP. IFP reviews its use of Schwab's services periodically to ensure that Schwab's services continue to remain appropriate for each of our clients.

For our clients' accounts it maintains, Schwab does not generally charge you separately for custody services but is compensated by charging you a percentage of the dollar amount of assets in the account in lieu of commissions on trades that it executes or that settle into your Schwab account. IFP's applicable fees applied to our client accounts were negotiated based on our commitment to maintain \$500 million of our client's assets statement equity in accounts at Schwab. This commitment benefits you because the overall fees you pay are lower than they would be if we had not made the commitment. In addition to asset-based fees, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your Schwab account.

The availability of the services we get from Schwab benefits us because we do not have to produce or purchase Schwab's services so long as we keep a total of at least \$500 million of client assets in accounts at Schwab. The \$500 million minimum may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This presents a conflict of interest. We believe, however that our selection of Schwab as custodian and broker is sometimes in the best interest of our clients. We have \$9.5 billion in client assets under management and do not believe that maintaining at least \$500 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

## **Trade Aggregation**

Transactions implemented for client accounts are generally executed separately, unless an IAR decides to purchase or sell the same securities for several clients at the same time. This process is referred to as aggregating orders, batch trading, or block trading. When aggregating 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 to achieve better execution or to avoid differences in various transaction costs than might be obtained when orders are placed separately. Under this procedure, transactions will be averaged as to price and will be allocated among the IAR's clients in proportion to the purchase and sale orders placed for each client account on any given day.

IFP does not permit its IARs to receive any additional compensation or remuneration as a result of aggregation. See the Participation in Client Transactions section of Item 11 for a description of IFP's policies regarding trade aggregation with affiliated accounts.

## **Best Execution**

IFP owes a fiduciary duty to its clients to obtain best execution of their transactions. That duty states 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 should understand that best execution does not necessarily mean receiving the lowest available price. Trades are periodically reviewed to evaluate the execution services provided by LPL Financial, other unaffiliated broker/dealers and custodians used by IFP.

When an account is being managed by a TPAM, IFP is not able to change the costs of execution charged by the custodian that holds the account or the quality of the execution services provided by the clearing firm used by the TPAM. Clients should address concerns or questions regarding the costs or quality of execution services to the clearing firm which holds the account, or the TPAM who manages the account. Clients should consider that, when an account is being managed by a TPAM or LPL Financial, that clients may pay higher commissions or trade execution charges through them than through other broker/dealers and/or custodians.

## **Trade Errors**

On occasion, an error may be made in a client's account. For example, a security may be erroneously purchased in a client's account instead of being sold. In these occasions, IFP generally seeks to correct the error by placing the client's account as it would have been had there been no error.

Depending on the circumstances, corrective steps may be taken, including but not limited to, cancelling the trade, adjusting an allocation, and/or crediting the client's account. In the event a trading error results in an erroneous profit, the erroneous profit is not allocated to the client, but retained by LPL Financial, except as noted below.

In the case of Fidelity Clearing & Custody Solutions and TD Ameritrade, IFP maintains an Error Account, from which any losses resulting from trade errors are debited and from which profits resulting from trade errors are credited. If the net result of a trade correction is a credit balance, it will be swept out of the error account the next business day and distributed to the Red Cross quarterly. On a quarterly basis, all proceeds in the Error Account attributable to trade corrections are donated to the charity of the firm's choosing, with the default charity being The American Red Cross.

In the case of CS&Co., when a trade error occurs, if an investment gain results from a correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

## **Agency Cross & Principal 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 investment advisory customer and for another person on the other side of the transaction (SEC Rule 206(3)-2). Agency cross transactions typically may arise where an investment adviser is dually registered as a broker/dealer or has an affiliated broker/dealer. IFP is not a broker/dealer and therefore it does not execute agency cross transactions with investment advisory customers.

A principal transaction is defined as a transaction where an adviser, acting as principal for its own account or the account of an affiliated broker/dealer buys or sells any security to any investment advisory customer. IFP is not a broker/dealer and therefore it does not execute riskless principal transactions with investment advisory customers.

IFP's policy prohibits any allocation of trades in a manner such that any particular customers or group of customers receive more favorable treatment than other customer accounts.

## **Unaffiliated Third-Party Custodians**

IFP currently requires that clients establish investment advisory accounts with unaffiliated third-party custodians and/or broker-dealers ("Custodians"), including but not limited to LPL Financial, Charles Schwab & Co., Inc., TD Ameritrade, Fidelity Clearing & Custody Solutions and Pershing LLC to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with any Custodian is at the discretion of the client, including those accounts covered under ERISA or Internal Revenue Service ("IRS") rules governing Individual Retirement Accounts ("IRAs"). Custodians provide IFP with access to their institutional trading and custody services, which are typically not available to retail commission brokerage clients.

Custodians IFP has agreements with offer brokerage services, execution, custody, research, analyses and reports, and access to mutual funds and other investments that otherwise generally available would only be made available to institutional investors.

For IFP client accounts, the Custodians generally do not charge separately for their custody services, but they are compensated by account owners through commissions and/or or other transaction-related or asset- based fees for securities trades that are executed through the Custodian.

Custodians may also make available to IFP other products and services that benefit IFP but may not benefit the client. These benefits may include national, regional or IFP-specific educational events organized and/or sponsored by the Custodians. Other potential benefits may include occasional business entertainment of personnel of IFP by the Custodians, including meals, invitations to sporting events, and other forms of entertainment, some of which may accompany educational opportunities.

Additional products and services offered through Custodians assist IFP in managing and administering its clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of IFP's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of IFP's accounts, including accounts not maintained at Custodians. Custodians also make available to IFP other services intended to help IFP manage and further develop its business. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, insurance, and marketing. In addition, Custodians may make available, arrange and/or pay vendors for these types of services rendered to IFP by independent third parties.

Custodians may also discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to IFP. As a fiduciary, IFP endeavors to act in its clients' best interests. IFP's recommendation or requirement that clients maintain their assets in accounts at Custodians may be based in part on the benefit to IFP of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodians. Offering these additional services through Custodians creates a conflict of interest to IFP's clients.

Our firm participates in the Schwab Institutional ("SI") services program sponsored by Schwab, the Fidelity Institutional Wealth Services Program ("FIWS") sponsored by Fidelity, and TD Ameritrade Institutional Program sponsored by TD Ameritrade. Although each of these programs has its unique features, generally, as a result of participating in them, IFP receives benefits that are not available to retail investors. These benefits may include a trading platform, receipt of duplicate client confirmations and bundled duplicate statements, access to a dedicated trading desk serving program participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts, the ability to have investment advisory fees deducted directly from a client's account, receipt of research and compliance publications and access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

As described in Item 5 of this Brochure, IFP participates in LPL's "Hybrid" program, which provides IFP with certain benefits and resources, including access to LPL's custodial and trading platforms, compliance assistance, training, administrative and back-office support, financial and other personal assistance measures to help with client transitioning, business development assistance, expense sharing discounts, as well as access to LPL investment programs and third-party managers.

Participation in the programs described above gives rise to a conflict of interest for IFP and its IARs, as the receipt of program benefits creates an incentive for IFP and its IARs to recommend program

sponsors to clients for brokerage and/or custodial services.

## **ITEM 13. REVIEW OF ACCOUNTS**

Model portfolios created and used by IARs are reviewed and monitored by the IFP Investment Committee. The Investment Committee is currently comprised of the following individuals:

- William E. Hamm, Jr., CFA®, CFP®, CLU® - Chief Executive Officer
- Aaron Gilman, CFA®, CFP® - Chief Investment Officer
- Pete Nunley, CFA® - Director of Asset Management
- Hessum Zangenehpour, CMT® - Director of Trading

IARs will provide ongoing investment advice and continuously monitor their clients' portfolios. IARs are required to have a contact meeting with the client no less than annually, which is generally conducted in person, but can be by conducted by telephone. At the annual client contact meeting, the IAR will review the performance of the client's accounts and verify that the client's portfolio is still consistent with the client's stated investment objectives, asset allocation, and risk tolerance.

Account statements are provided no less than quarterly by the client's selected custodian. Account statements show account positions, balances, and transaction details. At the client's request the IAR may also provide a periodic consolidated report of the client's portfolio and performance. The consolidated report is used to show the client's portfolio and performance as of a specific date. The consolidated report is not and does not replace the client's account statements from the custodians. The client should always refer to his or her account statement from the custodian.

To the extent services offered under RPCP or SMS to the Plan or Plan Sponsor include performance monitoring or reporting, LPL or the IAR or IFP, as applicable, will review performance or provide reports of investment manager(s) or investments selected by the Plan on a frequency as agreed with the Plan or Plan Sponsor. If elected by the Plan, IAR or IFP, as applicable, will provide reports evaluating the performance of Plan investment manager(s) or investments.

## **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

### **Client Referrals**

IFP has entered into a number of solicitor arrangements with unaffiliated solicitors and we pay those solicitors a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisors Act of 1940, and any corresponding state securities law requirements. Any such referral fee will be paid solely from our investment management fee and will not result in any additional charge to the client. If the client is introduced to IFP by a solicitor, the solicitor, at the time of the solicitation, will disclose the nature of his/her/its solicitor relationship and provide each prospective client with a copy of IFP's Form ADV Part 2A Brochure with a copy of the written disclosure statement from the solicitor to the client

disclosing the terms of the solicitation agreement between IFP and the solicitor, including the compensation to be received by the solicitor from IFP. All referred clients will be reviewed to ensure that IFP's fees, service, and investment strategies are suitable to their specific investment objectives, needs and risk tolerance.

We receive an economic benefit from Schwab in the form of support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

IFP and its IARs may offer investment advisory services on the premises of unaffiliated financial institutions, such as banks or credit unions. IFP has entered into agreements with the financial institutions and IFP may share compensation, including a portion of the investment advisory fee, with the financial institution for the use of the financial institution's facilities and for client referrals.

From time to time, LPL and/or its IARs may enter into lead generation and referral arrangements with third parties and other financial intermediaries, including participation in third-party programs for the purpose of introducing new clients to LPL and such IARs. Under these lead generation and referral arrangements, all referral parties are independent contractors. The compensation paid to such parties can be structured in various ways, including an ongoing flat fee or portion of the RPCP Fee or SMS Fee.

LPL compensates other persons for solicitations of program accounts. LPL enters into an agreement with such solicitors and pays them a portion of the ongoing Account Fee for the solicitation. The solicitor discloses to the client at the time of the solicitation the arrangement and the compensation to be received by the solicitor.

Lead generation, referral and solicitation arrangements give rise to potential conflicts of interests because the referring party has a financial incentive to introduce the new investment advisory clients to LPL and its IARs. LPL's participation in these referral arrangements does not diminish its fiduciary obligations to its clients.

LPL and its IARs may offer advisory services on the premises of unaffiliated businesses, including insurance companies, employee benefit companies, and financial institutions such as banks or credit unions. In some cases, the IAR may pay such business entity a fee for the use of the premises and for administrative support. In the case of financial institutions, LPL has entered into agreements with financial institutions pursuant to which LPL shares compensation, including a portion of the RPCP Fee or SMS Fee, as applicable and as described above. LPL may share such portion with the financial institution for the use of the financial institution's facilities and for client referrals. In such case, instead of paying the IAR the portion of the RPCP Fee, LPL may share such portion with the financial institution, and the financial institution will pay part of that amount to the IAR.



In addition, LPL may provide other forms of compensation to financial institutions, such as bonuses, awards or other things of value offered by LPL to the institution. In particular, LPL may pay a financial institution in different ways, for example, payments based on production, reimbursement of fees that LPL charges for items such as administrative services, and other things of value such as free or reduced-cost marketing materials, payments in the form of repayable or forgivable loans, payments in connection with the transition of association from another broker-dealer or investment advisor firm to LPL, advances of advisory fees, or attendance at LPL's national conference or top producer forums and events. LPL may pay this compensation based on overall business production and/or on the amount of assets serviced in LPL advisory programs. Therefore, the amount of this compensation may be more than what the financial institution would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, the financial institution may have a financial incentive if an IAR recommends a program account over other programs and services.

### **Other Compensation**

IARs may solicit, offer and sell securities and/or insurance products to any client for commissions in their separate capacities as Registered Representatives of LPL Financial or acting as independent insurance agents. This represents a conflict of interest since IFP and the IAR could receive fees and/or commissions if the client chooses to implement the recommendations of the IAR in his or her separate capacity as a Registered Representative of LPL Financial and/or as an independent insurance agent. Clients are under no obligation to implement any recommendation through IFP or the IAR and are free to choose any broker/dealer or insurance company they wish to implement the recommendations.

Certain third-party investment advisers, product sponsors or brokerage and/or Custodians may provide IFP or the IAR with economic benefits as a result of the client's purchase of investments or insurance products, including sponsorship of meetings, marketing support, an occasional dinner or ticket to a sporting event, incentive awards, and payment of travel expenses. These arrangements represent a conflict of interest since they may affect the independent judgment of IFP or the IAR in the recommendation of one third-party investment adviser, product sponsor or Custodian over another. However, IFP and the IAR are obligated to act in the best interest of the client when recommending any third-party investment adviser or service.

IFP and its IARs act as solicitors for various third-party investment advisers who compensate IFP and the IAR for soliciting a prospective client to the third-party investment adviser. Each solicitation arrangement is documented, and a solicitor's disclosure statement is provided to the client. When acting as a solicitor, IFP will be paid a portion of the advisory fee the client pays to the unaffiliated registered investment adviser. The total investment advisory program fee the client pays to some program sponsor(s) may be higher. Although IFP acts as a solicitor in certain of these third-party arrangements, IFP continues to monitor the performance of the TPAM and may recommend changes to the client regarding ongoing use of the TPAM and maintains its fiduciary responsibility as an investment advisor, as discussed below.

IFP addresses these conflicts of interest in the following ways:

- IFP clearly discloses the existence of solicitation arrangements to existing and prospective clients in IFP's disclosure documents, so that the client can assess the potential conflicts of interest;
- IFP provides written disclosures to prospective clients prior to the execution of an advisory agreement with the third-party manager, including:
  - The name of the third-party investment manager;
  - The nature of the relationship, including any affiliation, between IFP and the third-party manager;
  - A statement that IFP will be compensated for our solicitation services by the investment adviser; and
  - The terms of such compensation arrangement, including a description of the compensation paid or to be paid to IFP.

IFP periodically reviews and monitors the overall performance and reputation of third-party managers to ensure that continued recommendation of the third-party investment adviser remains in the best interest of IFP's clients. IFP may also pay referral fees to other firms and individuals that refer investment advisory clients to IFP. If a client is referred to IFP by a solicitor, IFP pays that solicitor an initial and/or an ongoing solicitor's referral fee, which usually is based on a percentage of the referred client's assets under management by IFP.

Payment of fees for the referral of prospective clients creates a conflict of interest to the extent that such a referral benefits IFP and/or its IAR.

IFP receives an economic benefit from Schwab in the form of the support products and services it makes available to IFP. These products and services, how they benefit IFP, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to IFP of Schwab's products and services is not based on IFP giving particular investment advice, such as buying particular securities for our clients.

With respect to RPCP, LPL receives marketing and educational support payments of up to \$300,000, depending on the anticipated nature and scope of the events, from retirement plan product sponsors to assist training and educating financial advisors across LPL's brokerage and advisory platforms. Such support payments are not tied to the sales of any products or client assets in the products. IARs do not receive any portion of these payments. For a current and complete list of the retirement plan product sponsors that pay such marketing and educational support payments, please see [www.lpl.com](http://www.lpl.com) or ask your IAR.

LPL employees provide sales support resources to IARs and Advisors that use LPL advisory programs. The compensation that LPL pays to these employees varies based on the assets in LPL's different advisory programs. These employees have an incentive to promote certain advisory programs to IARs

and Advisors over other advisory programs.

### **LPL Compensation to IAR**

An IAR recommending an advisory service through LPL receives compensation from LPL. LPL compensates IARs pursuant to an independent contractor agreement, and not as an employee. This compensation includes a portion of the RPCP Fee, and such portion received by IAR may be more than IAR would receive at another investment advisor firm. Such compensation may include other types of compensation, such as bonuses, awards or other things of value offered by LPL to the IAR. In particular, LPL pays its IARs in different ways, for example:

- Payments based on production
- Equity awards from LPL's parent company, LPL Financial Holdings, Inc., consisting of awards of either restricted stock units (a promise to deliver stock in the future) or stock options, in each case subject to satisfaction of vesting and other conditions
- Reimbursement or credits of fees that IARs pay to LPL for items such as administrative services or technology fees
- Free or reduced-cost marketing materials
- Payments in connection with the transition of association with another broker-dealer or investment advisor firm to LPL
- Advances of advisory fees
- Payments in the form of repayable or forgivable loans
- Attendance at LPL conferences and events

LPL pays IARs this compensation based on the IAR's overall business production and/or on the amount of assets serviced in LPL advisory relationships. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other LPL programs or in services or programs of other investment advisors or consultants. Therefore, the IAR may have a financial incentive to recommend the Programs over other programs and services.

To the extent permitted by applicable law, including ERISA, LPL has entered into referral agreements with independent third-party investment advisors, pursuant to which LPL and IARs receive referral fees from the third-party investment advisors in return for referral of clients. Any such referral agreements are separate from the services provided under the Programs. Because LPL is engaged by and paid by the third-party investment advisor for the referral, any recommendation regarding a third-party investment advisor as part of a referral represents a conflict of interest. LPL addresses this conflict by providing the client with a disclosure statement explaining the role of LPL and IAR and the referral fee received by LPL and IAR.

In addition, LPL may enter into other agreements with the third-party investment advisers to whom LPL refers certain clients, pursuant to which LPL may provide (i) marketing services on behalf of the third-party investment advisers to LPL representatives; or (ii) data technology services to integrate third-party investment adviser data on LPL's technology systems. To the extent permitted by applicable law, including ERISA, LPL receives fees for these services and such fees are typically based on the amount

of assets (typically in the range of 3% to 15%) referred by LPL to the third-party investment adviser. Any agreements related to referrals are separate from the services provided under the Programs. The IAR does not share in these fees. In some cases, the third-party investment advisers pay additional marketing payments to LPL, its employees and/or its IARs to cover fees to attend conferences or reimbursement of expenses for workshops, seminars presented to IARs' clients, or advertising, marketing or practice management.

## **ITEM 15. CUSTODY**

Custody is broadly defined as any authority given by the client that permits IFP to deduct client funds or securities from clients' accounts. All client funds and securities are maintained at qualified Custodians and IFP never has actual custody of clients' assets. Under a no action release granted by the SEC under the Investment Advisers Act of 1940 rules, IFP is not deemed to have custody of a client's assets if the client authorizes IFP to instruct the Custodian to deduct IFP's advisory fees directly from the client's account and the Custodian maintains actual custody of the client's assets. Clients should carefully review their account statements from the Custodian for accuracy of the amount of IFP advisory fees being deducted from their accounts.

Under the Schwab Performance Technologies ("SPT")<sup>TM</sup> program, the client authorizes IFP to instruct CS&Co to deduct IFP's advisory fees directly from the client's account. CS&Co maintains actual custody of clients' assets. Clients receive account statements directly from CS&Co at least quarterly. They will be sent to the email or postal mailing address the client provides to CS&Co. Clients should carefully review those statements promptly when received. IFP Clients should also compare CS&Co's account statements to the periodic portfolio reports that the Client receives from IFP.

LPL, IAR and IFP will not serve as a custodian for Plan assets in connection with the advisory or consulting services offered through the RPP Program. The client is responsible for selecting the custodian and investment sponsor for Plan assets. In order to service the Plan or Plan Sponsor through the Program, the IAR, IFP or LPL may be listed as the contact for the Plan account held at an investment sponsor. The trustees or other fiduciaries for the Plan will complete account paperwork with the outside custodian that will provide the name and address of the custodian. The custodian for Plan assets is responsible for providing the Plan with periodic confirmations and statements. LPL recommends that Plan sponsors review the statements and reports received directly from the custodian or investment sponsor.

For RPCP services, LPL may receive prepayment of fees for 6 or more months in advance.

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct the custodian you select to deduct our advisory fees directly from your account. The qualified custodian (LPL, Schwab, Fidelity, TD Ameritrade or Pershing LLC) maintain actual custody of your assets. You will receive account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address you provided to the Custodian. You should carefully review those statements promptly when you receive them.

## **ITEM 16. INVESTMENT DISCRETION**

IFP and its IARs may execute securities transactions on a discretionary basis. Prior to exercising and executing any discretionary authority or transaction, IFP and the IAR are required to receive written consent from the client to execute transactions on discretion. The Client agrees and authorizes discretion as part of the Investment Advisory Agreement signed by the Client. If the Client does not authorize written discretionary authority, no transactions will be executed in a client's account without the Client's consent.

IFP may establish relationships with various third-party asset managers ("TPAMs"). As a part of the TPAMs' agreement, the TPAMs may require that they have investment discretion over the Client's account. The terms of the advisory relationship between the Client and the TPAM will be described in the TPAM's disclosure document and its separate investment advisory agreement signed by the Client. The TPAM will not have the authority to withdraw funds from the account except to deduct the agreed upon investment advisory fees for managing the Client's account.

Under RPCP, LPL and the IAR provide advisory and consulting services primarily on a non-discretionary basis, so that the client makes the decisions regarding the purchase and sale of securities and the investment options to be made available in the Plan. If advisory and consulting services are provided on a discretionary basis, clients will provide that authorization in writing to LPL and IAR.

Under SMS, LPL has investment discretion to select, monitor, and replace the investment options made available through the Investment Menu, Plan Sponsor determines which Investment Menus to offer to its Plan participants, and each Plan participant determines which investment options within that Investment Menu to purchase or sell. Client will provide authorization for LPL's discretionary authority in writing to LPL.

LPL, IAR and IFP do not exercise authority over the administration of the Plan under the RPCP Program. RPCP services do not include advice regarding the interpretation of the Plan documents, the determination of participant eligibility, benefits, or vesting, and the approval of distributions to be made by the Plan.

## **ITEM 17. VOTING CLIENT SECURITIES**

Except as noted below with respect to SPT, IFP does not vote proxies on behalf of its clients. It is the responsibility of the client to vote all proxies for securities held in their investment advisory management account(s). Clients will receive their proxies directly from the custodians or transfer agents and clients retain sole responsibility and authority for voting. All proxy materials received by IFP on behalf of a client will be sent directly to the client or a representative that has been previously designated by the client to be responsible for voting proxies. Third-party investment advisers may have their own policies regarding proxy voting. Clients are advised to review the policies of their third- party adviser to determine their proxy voting policy.

With respect to, and as described in the Schwab Performance Technologies (“SPT”) program Disclosure Brochure, clients enrolled in the Schwab Performance Technologies (“SPT”) program designate SPT to vote proxies for the ETFs held in their accounts. IFP has directed SPT to process proxy votes and incorporate in the SPT program Disclosure Brochure. Clients who do not wish to designate SPT to vote proxies may retain the ability to vote proxies themselves by signing a special CS&Co form available from IFP.

## **ITEM 18. FINANCIAL INFORMATION**

This item is not applicable to IFP’s Disclosure Brochure. IFP does not require or solicit prepayment of more than \$1,200 in investment advisory fees per client, six months or more in advance, with the remainder upon delivery of the plan. Therefore, IFP is not required to include a balance sheet for its most recent fiscal year. IFP is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to our clients, nor has IFP been the subject of a bankruptcy petition at any time.

**EXHIBIT A**  
**Schedule of Lockwood Portfolio Managers**

**Portfolio Managers and Styles As of January 1, 2018**

		<b>Minimum (\$)</b>
361 Capital, LLC	361 Capital Large Cap Concentrated Equity	100,000.00
Abner, Herrman & Brock, LLC	Large Cap Core Equity	100,000.00
Accuvest Global Advisors	Global Core Equity	100,000.00
Accuvest Global Advisors	Global Opportunities	100,000.00
Advisors Asset Management † <sup>2</sup>	Core Plus Portfolio	250,000.00
Advisors Asset Management	Core Tax Exempt Portfolio	250,000.00
Advisors Asset Management	Credit Opportunities Portfolio	250,000.00
AFAM Capital, Inc.	Innealta Capital Tactical ETF	100,000.00
	Sector Rotation Core	
AFAM Capital, Inc.	Innealta Capital Tactical ETF	100,000.00
	Country Rotation Core	
Affinity Investment Advisors, LLC	Core Equity	100,000.00
Affinity Investment Advisors, LLC	Value Equity	100,000.00
AllianceBernstein L.P.	AB Strategic Research Balanced	100,000.00
AllianceBernstein L.P.	AB Strategic Research	100,000.00
AllianceBernstein L.P.	AB Municipal High Quality SMA	250,000.00
AllianceBernstein L.P. † <sup>4</sup>	AB Tax Aware Fixed Income	250,000.00
AllianceBernstein L.P.	AB Global Value (ADR)	100,000.00
AllianceBernstein L.P.	AB International Value (ADR)	100,000.00
Allianz Global Investors U.S. LLC	NFJ All Cap Value	100,000.00
Allianz Global Investors U.S. LLC	Allianz Disciplined US Core Equity	100,000.00
Allianz Global Investors U.S. LLC	Allianz Focused Growth	100,000.00
Allianz Global Investors U.S. LLC	NFJ Dividend Value Equity	100,000.00
Allianz Global Investors U.S. LLC	NFJ Large Cap Value	100,000.00
Allianz Global Investors U.S. LLC† <sup>1</sup>	NFJ Small Cap Value Managed Account (Transfers Only)	100,000.00
Alta Capital Management LLC	All Cap Quality Growth	150,000.00
Alta Capital Management LLC	Large Cap Quality Growth	150,000.00
Anchor Capital Advisors, LLC	Balanced Value	100,000.00
Anchor Capital Advisors, LLC	All Cap Value	100,000.00
Anchor Capital Advisors, LLC	Mid Cap Value	100,000.00
Anchor Capital Advisors, LLC	Small Cap Value	100,000.00
Appleton Partners, Inc. † <sup>5</sup>	Intermediate Government Credit (Taxable)	500,000.00
Appleton Partners, Inc. † <sup>5</sup>	Intermediate Municipal Fixed Income	500,000.00
Appleton Partners, Inc. † <sup>5</sup>	Short-Term Municipal Fixed Income	500,000.00
Aristotle Capital Management, LLC	International Value	150,000.00
ARK Investment Management, LLC	Disruptive Innovation (Global Impact Growth)	100,000.00
Ashfield Capital Partners, LLC	Dividend Growth Large Cap Equity	100,000.00
Aston Asset Management LLC	Diversified Equity	100,000.00
Aston Asset Management LLC	Fairpointe Mid Cap Core	100,000.00
AT Investment Advisors LLC	All Cap Growth	100,000.00
AT Investment Advisors, LLC	Equity Income	100,000.00
AT Investment Advisors, LLC	Large Cap Growth	100,000.00
AT Investment Advisors, LLC	Equity Income (Tax Easy)	100,000.00
Atalanta Sosnoff Capital, LLC	Large Cap Balanced	100,000.00
Atalanta Sosnoff Capital, LLC	Large Cap Core	100,000.00



Atlanta Capital Management Company † <sup>1</sup>	High Quality Small Cap (Hard Close-Trans Only)	100,000.00
Bahl & Gaynor Investmt Counsel, Inc	Income Growth	100,000.00
Bahl & Gaynor Investmt Counsel, Inc	Large Cap Quality Growth	100,000.00
Belle Haven Investments, L.P. † <sup>5</sup>	Taxable Ladder Plus	250,000.00
Belle Haven Investments, L.P. † <sup>5</sup>	Ladder Plus	250,000.00
BlackRock Investment Management, LLC	Capital Appreciation SMA	100,000.00
BlackRock Investment Management, LLC	Large Cap Core	100,000.00
BlackRock Investment Management, LLC	US Equity Large Cap Growth	100,000.00
BlackRock Investment Management, LLC	Large Cap Value Equity	100,000.00
BlackRock Investment Management, LLC † <sup>4</sup>	Intermediate Municipal Bond	250,000.00
BlackRock Investment Management, LLC † <sup>4</sup>	Long Term Municipal Bond	250,000.00
BlackRock Investment Management, LLC	Equity Dividend	100,000.00
BlackRock Investment Management, LLC	Intermediate Term Taxable Fixed Income SMA	250,000.00
Bluestone Capital Management, LLC.	Bluestone Elite	25,000.00
Boyd Watterson Asset Management, LLC † <sup>1</sup>	Ultra Enhanced Core ETF	100,000.00
Boyd Watterson Asset Management, LLC † <sup>4</sup>	Ultra Enhanced Core SMA	500,000.00
Boyd Watterson Asset Management, LLC	Investment Grade Core SMA	500,000.00
Boyd Watterson Asset Management, LLC † <sup>4</sup>	Diversified Income Strategies	500,000.00
Boyd Watterson Asset Management, LLC † <sup>4</sup>	Investment Grade Intermediate SMA	250,000.00
Boyd Watterson Asset Management, LLC	High Quality Intermediate Municipal (State Specific)	500,000.00
Boyd Watterson Asset Management, LLC	High Quality Intermediate Municipal (National)	500,000.00
BP Wealth Management, LLC	Large Cap Growth Equity	100,000.00
BP Wealth Management, LLC	Small/Mid Cap Growth	100,000.00
Brandes Investment Partners, L.P. † <sup>2</sup>	U.S. All Cap Value Equity	100,000.00
Brandes Investment Partners, L.P. † <sup>1</sup>	Emerging Markets Opportunities Equity	100,000.00
Brandes Investment Partners, L.P. † <sup>1</sup>	Global Balanced	100,000.00
Brandes Investment Partners, L.P. † <sup>1</sup>	Global Equity	100,000.00
Brandes Investment Partners, L.P. † <sup>2</sup>	Global Small-Mid Cap Equity	100,000.00
Brandes Investment Partners, L.P. † <sup>1</sup>	International Equity	100,000.00
Brandes Investment Partners, L.P. † <sup>2</sup>	European Equity	100,000.00
Brandywine Global Investment Management, LLC	Brandywine Traditional Large Cap Value Equity Port.	100,000.00
Breckinridge Capital Advisors, Inc. † <sup>5</sup>	Intermediate Tax-Exempt Municipal State Preferred	500,000.00
Breckinridge Capital Advisors, Inc. † <sup>5</sup>	Intermediate Government Credit	500,000.00
Breckinridge Capital Advisors, Inc. † <sup>5</sup>	Intermediate Tax-Exempt Municipal National	500,000.00
Buckhead Capital Management, LLC	Small Cap Value	100,000.00
Buckhead Capital Management, LLC	SMID Cap Value	100,000.00
Calamos Advisors LLC	All Cap Growth	100,000.00



Cambiar Investors, LLC	Large Cap Value	100,000.00
Cambiar Investors, LLC	International ADR	100,000.00
Cambridge Financial Group	Core Equity	100,000.00
Cambridge Financial Group	Large Cap Growth	100,000.00
Carl Domino, Inc.	Large Cap Value Equity	100,000.00
Carret Asset Management, LLC	Municipal Bond	250,000.00
Carret Asset Management, LLC	Taxable Bond	250,000.00
Chartwell Investment Partners, LLC.	Mid-Cap Value	100,000.00
† <sup>5</sup>		
Chartwell Investment Partners, LLC.	Small Cap Value	100,000.00
† <sup>5</sup>		
Chilton Capital Management LLC	Chilton Capital REIT	100,000.00
Cincinnati Asset Management † <sup>5</sup>	Broad Market Bond (1/3 High Yield - 2/3 Investment Grade)	300,000.00
Cincinnati Asset Management † <sup>5</sup>	High Yield Bond	100,000.00
Cincinnati Asset Management † <sup>5</sup>	Investment Grade Bond	100,000.00
Cincinnati Asset Management † <sup>5</sup>	Short Duration	250,000.00
Coho Partners, Ltd.	Coho Relative Value Equity	100,000.00
Columbia Management Investment Advisers, LLC	Columbia Dividend Income	100,000.00
Columbia Management Investment Advisers, LLC	Columbia Select Large Cap Growth	100,000.00
Columbia Management Investment Advisers, LLC	Columbia Value & Restructuring	100,000.00
Columbia Management Investment Advisers, LLC	Columbia Select Large Cap Value	100,000.00
Congress Asset Management	Balanced Growth	100,000.00
Congress Asset Management	Dividend Growth	50,000.00
Congress Asset Management	Multi-Cap Growth	100,000.00
Congress Asset Management	Large Cap Growth	100,000.00
Congress Asset Management	Mid Cap Growth	100,000.00
Congress Asset Management	Fixed Income	100,000.00
Contravisory Investment Mgmt, Inc.	Strategic Equity Portfolio	250,000.00
Contravisory Investment Mgmt, Inc.	Small Cap Core Equity	100,000.00
Cortland Associates, Inc.	All-Cap Value	100,000.00
Crawford Investment Counsel, Inc.	Dividend Growth SMA	100,000.00
Crossmark Global Investments, Inc.	Income Opportunity Portfolio	250,000.00
Crossmark Global Investments, Inc.	Balanced Core	100,000.00
Crossmark Global Investments, Inc.	Large Cap Growth	100,000.00
Crossmark Global Investments, Inc.	Intermediate Fixed Income	100,000.00
Crossmark Global Investments, Inc.	Current Income Portfolio	100,000.00
Crossmark Global Investments, Inc.	Municipal Fixed Income	100,000.00
Crossmark Global Investments, Inc.	Total Return Fixed Income	100,000.00
Crossmark Global Investments, Inc.	Global Equity Income	100,000.00
Cumberland Advisors Inc. † <sup>5</sup>	Domestic Exchange Traded Funds	250,000.00
Cumberland Advisors Inc. † <sup>5</sup>	Total Return Tax-Free Municipal	500,000.00
Cumberland Advisors Inc. † <sup>5</sup>	Total Return Taxable Bond	500,000.00
Dalton, Greiner, Hartman, Maher	Mid Cap Value	100,000.00
Dana Investment Advisors	Dana Catholic Socially Responsible Strategy	100,000.00
Dana Investment Advisors	Balanced Core	250,000.00
Dana Investment Advisors	All Cap Core	100,000.00
Dana Investment Advisors	Socially Responsible	100,000.00
Dana Investment Advisors	Large Cap Blend	100,000.00
Dana Investment Advisors	Large Cap Growth	100,000.00
Dana Investment Advisors	Large Cap Value	100,000.00

Dana Investment Advisors	Limited Volatility	2,000,000.00
Dana Investment Advisors † <sup>4</sup>	Taxable Fixed Income	250,000.00
Dana Investment Advisors	Municipal Bond	250,000.00
Dana Investment Advisors	Small Cap Equity	100,000.00
Dana Investment Advisors	Socially Responsible Bond	250,000.00
Davis Selected Advisers, L.P.	All Cap Core	100,000.00
Davis Selected Advisers, L.P.	Large Cap Value	100,000.00
Davis Selected Advisers, L.P.	Real Estate Sector	100,000.00
Dearborn Partners L.L.C.	Core Rising Dividend	100,000.00
Dearborn Partners L.L.C.	High and Rising Dividends	100,000.00
Delaware Investments † <sup>1</sup>	Large Cap Growth	100,000.00
Delaware Investments	Focus Non US	100,000.00
Delaware Investments † <sup>1</sup>	International Equity ADR	100,000.00
Denver Investments	U.S. Small Cap Value Equity	100,000.00
Dreman Value Management	Large Cap Value Equity	100,000.00
Eagle Asset Management † <sup>1</sup>	Strategic Income	250,000.00
Eagle Asset Management † <sup>1</sup>	Select Balanced Large Cap Core	100,000.00
Eagle Asset Management	All Cap Value	100,000.00
Eagle Asset Management	Large Cap Core	100,000.00
Eagle Asset Management	Equity Income	100,000.00
Eagle Asset Management	Large Cap Value	100,000.00
Eagle Asset Management	Mid Cap Growth	100,000.00
Eagle Asset Management	Small Cap Growth (Transfer Only)	100,000.00
Eaton Vance Management † <sup>5</sup>	Eaton Vance MSP	200,000.00
Eaton Vance Management † <sup>5</sup>	Large Cap Growth	100,000.00
Eaton Vance Management † <sup>5</sup>	Large Cap Value	100,000.00
Eaton Vance Management † <sup>5</sup>	State Specific Municipal (Int. Term)	250,000.00
Eaton Vance Management † <sup>5</sup>	National Municipal (Int. Term)	250,000.00
Eaton Vance Management † <sup>5</sup>	State Specific Muni (Long Term)	250,000.00
Eaton Vance Management † <sup>5</sup>	National Municipal (Long Term)	250,000.00
Eaton Vance Management † <sup>5</sup>	Eaton Vance State Specific Municipal (Short Term)	250,000.00
Eaton Vance Management † <sup>5</sup>	National Municipal (Short Term)	250,000.00
Eaton Vance Management † <sup>5</sup>	Intermediate Term Bonds (Fixed Income)	100,000.00
Eaton Vance Management † <sup>5</sup>	Eagle Global International (ADR)	100,000.00
EDMP, Inc.	Large Cap Growth	100,000.00
EDMP, Inc.	Mid Cap Growth	100,000.00
EDMP, Inc.	Growth & Income	100,000.00
Equity Investment Corporation	All Cap Value Balanced (Transfers only)	100,000.00
Equity Investment Corporation	All Cap Value (Transfers only)	100,000.00
Equity Investment Corporation	Large Cap Value	100,000.00
Equity Investment Corporation	Mid Cap Value	100,000.00
Estabrook Capital Management, LLC	Balanced	100,000.00
Estabrook Capital Management, LLC	Large Cap Core	100,000.00
Estabrook Capital Management, LLC	Socially Responsible	100,000.00
Farr, Miller & Washington LLC	Large Cap Growth	100,000.00
Fayez Sarofim & Co.	Large Cap Core	100,000.00
Federated Investment Counseling † <sup>1</sup>	Strategic Value Dividend	100,000.00
First Trust Advisors, LP	First Trust Advisors Value Line Rising Dividend	100,000.00
First Trust Advisors, LP	First Trust Advisors Small Cap Core	100,000.00
First Trust Advisors, LP	FTA/Morningstar Multi-Discipline All Equity	100,000.00

First Trust Advisors, LP	FTA/Morningstar Multi-Discipline 60/40	100,000.00
First Trust Advisors, LP	FTA/Morningstar Multi-Discipline 20/80	100,000.00
First Trust Advisors, LP	FTA/Morningstar Multi-Discipline 40/60	100,000.00
First Trust Advisors, LP	FTA/Morningstar Multi-Discipline 90/10	100,000.00
First Trust Advisors, LP	FTA/Morningstar Multi-Discipline 75/25	100,000.00
Forward Management, LLC	U.S. Dividend	100,000.00
Forward Management, LLC	Small Mid Core	100,000.00
Forward Management, LLC	Global Dividend	100,000.00
Forward Management, LLC	DO NOT USE - International Dividend	100,000.00
Forward Management, LLC	International Dividend	100,000.00
Forward Management, LLC (Broadmark)	Forward Tactical Growth Portfolio	100,000.00
Fox Asset Management	Balanced Value	100,000.00
Fox Asset Management	Concentrated All Cap Value	100,000.00
Kayne Anderson Rudnick Inv. Mgmt.	Large Cap Value	100,000.00
Kayne Anderson Rudnick Inv. Mgmt.	Mid Cap Core	100,000.00
Kayne Anderson Rudnick Inv. Mgmt. † <sup>2</sup>	Small Cap Core	100,000.00
Kayne Anderson Rudnick Inv. Mgmt. † <sup>1</sup>	Small Cap Sustainable Growth	100,000.00
Kayne Anderson Rudnick Inv. Mgmt. † <sup>1</sup>	Small Cap Quality Value	100,000.00
Kayne Anderson Rudnick Inv. Mgmt. † <sup>1</sup>	Small/Mid Cap Core	100,000.00
Kayne Anderson Rudnick Inv. Mgmt.	Intermediate Fixed	100,000.00
Keeley Asset Management † <sup>5</sup>	Small Cap Value	500,000.00
Kopp Investment Advisors, LLC	Balanced Blend	100,000.00
Kopp Investment Advisors, LLC	TQM Blend	100,000.00
Kopp Investment Advisors, LLC	TQM Core 40	100,000.00
Kovitz Investment Group, LLC	Core Equity	100,000.00
Lateef Investment Management LP	Large-Cap Growth Equity	250,000.00
Lazard Asset Management	U.S. Strategic Equity	100,000.00
Lazard Asset Management † <sup>1</sup>	Large Cap Value	100,000.00
Lazard Asset Management † <sup>1</sup>	Global Balanced	100,000.00
Lazard Asset Management † <sup>1</sup>	Global Equity Select ADR	100,000.00
Lazard Asset Management † <sup>1</sup>	International Equity Select with Emerging Markets	100,000.00
Lazard Asset Management † <sup>1</sup>	International Equity Select ADR	100,000.00
Lazard Asset Management	Emerging Markets Equity Select (Transfer Only)	100,000.00
Lazard Asset Management † <sup>3</sup>	European Value	100,000.00
Legg Mason Private Portfolio Group, LLC † <sup>4</sup>	Legg Mason Balanced Income Portfolios	100,000.00
Legg Mason Private Portfolio Group, LLC † <sup>3</sup>	ClearBridge All Cap Value Portfolios	100,000.00
Legg Mason Private Portfolio Group, LLC	ClearBridge Appreciation Portfolios	100,000.00
Legg Mason Private Portfolio Group, LLC	ClearBridge International Growth ADR ESG Portfolios	100,000.00
Legg Mason Private Portfolio Group, LLC † <sup>1</sup>	ClearBridge Large Cap Growth Equity	50,000.00

Legg Mason Private Portfolio Group, LLC	Western Asset Current Market Muni Portfolio (State Specific)	100,000.00
Legg Mason Private Portfolio Group, LLC † <sup>4</sup>	Western Current Market Municipal (Nat'l)	250,000.00
Legg Mason Private Portfolio Group, LLC † <sup>4</sup>	Western Asset Gov/Corp Portfolios	100,000.00
Legg Mason Private Portfolio Group, LLC † <sup>1</sup>	ClearBridge Global Value ADR Portfolios	100,000.00
Legg Mason Private Portfolio Group, LLC † <sup>1</sup>	ClearBridge International Value ADR Portfolios	100,000.00
Legg Mason Private Portfolio Group, LLC † <sup>3</sup>	Legg Mason All Cap Blend Portfolios (MDA0)	100,000.00
Legg Mason Private Portfolio Group, LLC † <sup>1</sup>	ClearBridge Multi Cap Growth Portfolios	100,000.00
Legg Mason Private Portfolio Group, LLC	Legg Mason Diversified All Cap Portfolios (MDA5A)	100,000.00
Legg Mason Private Portfolio Group, LLC	Legg Mason Global All Cap Port-Balanced (MDA7A)	300,000.00
Legg Mason Private Portfolio Group, LLC	Legg Mason Global All Cap Portfolios (MDA7A)	300,000.00
Logan Capital Management, Inc.	Concentrated Value	100,000.00
Logan Capital Management, Inc.	Logan Core 60/40	100,000.00
Logan Capital Management, Inc.	Logan Core 50/50	100,000.00
Logan Capital Management, Inc.	Logan Growth (Large US)	100,000.00
Riverbridge Partners, LLC	All Cap Growth	100,000.00
Riverbridge Partners, LLC	Eco Leaders Growth Portfolio	100,000.00
Riverbridge Partners, LLC	Large Cap Growth	100,000.00
Riverbridge Partners, LLC	Small Cap Growth (Transfer Only)	100,000.00
Riverfront Investment Group LLC † <sup>1</sup>	ETF Moderate Growth & Income	100,000.00
Riverfront Investment Group LLC	Conservative Income Builder	200,000.00
Riverfront Investment Group LLC	Conservative Growth (Closed to New Accounts)	200,000.00
Riverfront Investment Group LLC	ETF Conservative Income Builder	100,000.00
Riverfront Investment Group LLC † <sup>1</sup>	ETF Dynamic Equity Income	100,000.00
Riverfront Investment Group LLC † <sup>1</sup>	Dynamic Equity Income	200,000.00
Riverfront Investment Group LLC † <sup>1</sup>	Moderate Growth & Income	200,000.00
Riverfront Investment Group LLC † <sup>1</sup>	Global Allocation	200,000.00
Riverfront Investment Group LLC † <sup>1</sup>	ETF Global Allocation	100,000.00
Riverfront Investment Group LLC † <sup>1</sup>	ETF Global Growth	100,000.00
Riverfront Investment Group LLC † <sup>1</sup>	Global Growth	200,000.00
RNC Genter Capital Management	Dividend Income	100,000.00
RNC Genter Capital Management	Taxable Quality Intermediate Bond	250,000.00
RNC Genter Capital Management	Municipal Quality Intermediate Term	250,000.00
RNC Genter Capital Management	Short-Term US Government	250,000.00
RNC Genter Capital Management	Municipal Short-Term	250,000.00
Rothschild Asset Management	Large Cap Core	100,000.00
Santa Barbara Asset Management, LLC	Dividend Growth	100,000.00
Schafer Cullen Capital Management	Multi Cap Value	100,000.00
Schafer Cullen Capital Management	High Dividend Equity	100,000.00
Schafer Cullen Capital Management	Small Cap Value	100,000.00
Schafer Cullen Capital Management	Global High Dividend ADR	100,000.00
Schafer Cullen Capital Management † <sup>1</sup>	International High Dividend (ADR)	100,000.00
SeaCap Investment Advisors † <sup>5</sup>	Enhanced Cash	2,000,000.00

SeaCap Investment Advisors † <sup>5</sup>	Intermediate Taxable Fixed Income	500,000.00
SeaCap Investment Advisors † <sup>5</sup>	Intermediate Municipal Fixed Income	500,000.00
Segall, Bryant & Hamill	All Cap Core	100,000.00
Segall, Bryant & Hamill	Mid Cap Equity	100,000.00
Segall, Bryant & Hamill	SMID Cap	100,000.00
Segall, Bryant & Hamill	Core Fixed Income	5,000,000.00
Segall, Bryant & Hamill	Intermediate Fixed Income	5,000,000.00
SFE Investment Counsel Inc.	SFE All Cap Growth & Income Strategy	250,000.00
SFE Investment Counsel Inc.	SFE Pathways (SRI) All-Cap	250,000.00
Shelton Capital Management	International Equity	100,000.00
SMC Fixed Income Management, LP † <sup>5</sup>	Municipal Managed Money	1,000,000.00
SMC Fixed Income Management, LP † <sup>5</sup>	Municipal Intermediate	1,000,000.00
William Blair Investment Management, LLC † <sup>1</sup>	International Equity	100,000.00
Yorkville Capital Management, LLC	Yorkville MLP Core Income Strategy	250,000.00
Zacks Investment Management, Inc.	Zacks Rank Strategy	100,000.00
Zacks Investment Management, Inc.	Zacks Dividend Strategy	100,000.00
Ziegler Capital Management, LLC	Large Cap Value Dividend Select	100,000.00
Ziegler Capital Management, LLC	Red Granite Large Cap Growth	100,000.00
Ziegler Capital Management, LLC	Mid Cap Core	100,000.00

† Lockwood is aware that this Portfolio Manager trades away from Pershing for certain investment styles. Additional Portfolio Managers in the Program may trade away presently or in the future. The information regarding Portfolio Manager trade aways is based upon data that Lockwood collects from its affiliate, Pershing, as well as data sourced directly from the Portfolio Managers. Although Lockwood attempts to verify the information through each Portfolio Manager, Lockwood makes no representations regarding the accuracy of the information presented. Information regarding Portfolio Managers that trade away is historic information and there is no guarantee that a Portfolio Manager will follow the same practice in the future. As discussed in Item 6.H.5, there may be additional fees associated with a Portfolio Manager's trades away from Pershing, which fees typically may be anywhere from \$.0075 to \$0.05 per share for equity securities. Trade away fees involving ADRs vary and in some cases, Lockwood observes higher fees than the range indicated for equity transactions, while some Portfolio Managers may credit back certain costs and fees for ADR transactions. Those Portfolio Managers who trade fixed income securities away from Pershing also incur additional fees per bond or on a per transaction basis. These costs are embedded in the net price you receive and not separately disclosed by the executing broker in your confirmation or statement. Please refer to the Portfolio Manager's Form ADV, Part 2 A, or contact your Consultant for more information about the additional fees that you may incur. In certain circumstances, Portfolio Managers provide cost information in terms of basis points (bps). Portfolio Managers who disclose additional fees or costs in terms of basis points, may charge up to 100 bps per trade, however future charges could be more or less as such decisions are made at the discretion of the Portfolio Manager.

<sup>1</sup> Based on Lockwood's review, this Portfolio Manager traded away from Pershing for certain investment styles with respect to 0%-25% of their block trading activity during the year ended December 31, 2017.

<sup>2</sup> Based on Lockwood's review, this Portfolio Manager traded away from Pershing for certain investment styles with respect to 26%-50% of their block trading activity during the year ended December 31, 2017.

<sup>3</sup> Based on Lockwood's review, this Portfolio Manager traded away from Pershing for certain investment styles with respect to 51%-75% of their block trading activity during the year ended December 31, 2017.

<sup>4</sup> Based on Lockwood's review, this Portfolio Manager traded away from Pershing for certain investment styles with respect to 76%-100% of their block trading activity during the year ended December 31, 2017.

<sup>5</sup> Based on Lockwood's review, this Portfolio Manager has indicated they have or will, trade away from Pershing for certain investment styles. However, Lockwood cannot verify the percentage of their total block trades sent away from Pershing, based on current data collected from the Manager.

## EXHIBIT B

### Schedule of Available Third-Party Model Providers and Models

As of January 1, 2018

Models	Minimum Investment	Model Provider Fee
<u>AlphaSimplex Group LLC</u> <ul style="list-style-type: none"> <li>ASG Risk-Efficient Conservative Model</li> <li>ASG Risk-Efficient Moderate Model</li> <li>ASG Risk-Efficient Growth Model</li> </ul>	\$25,000	10 bps
<u>Blackrock Investment Management LLC</u> <ul style="list-style-type: none"> <li>Target Income – Moderate Income Active/Index</li> <li>Target Income – Core Income Active/Index</li> <li>Target Income – High Income Active/Index</li> <li>Target Income – Aggressive Income Active-Index</li> </ul>	\$25,000	10 bps
<u>Blackrock Investment Management</u> <ul style="list-style-type: none"> <li>Long Horizon Allocation Portfolios – Capital Preservation</li> <li>Long Horizon Allocation Portfolios – Moderate Growth</li> <li>Long Horizon Allocation Portfolios – Accumulation</li> <li>Long Horizon Allocation Portfolios – Aggressive Growth</li> <li>Long Horizon Allocation Portfolios - Income</li> </ul>	\$10,000	0 bps
<u>Calvert Investment, Inc.</u> <ul style="list-style-type: none"> <li>Calvert Responsible Conservative Portfolio</li> <li>Calvert Responsible Moderate Portfolio</li> <li>Calvert Responsible Growth Portfolio</li> </ul>	\$25,000	0 bps
<u>Invesco Advisors, Inc.</u> <ul style="list-style-type: none"> <li>Invesco Conservative Multi-Asset ETF Portfolio</li> <li>Invesco Moderately Conservative Multi-Asset ETF Portfolio</li> <li>Invesco Balanced Multi-Asset ETF Portfolio</li> <li>Invesco Growth Multi-Asset ETF Portfolio</li> <li>Invesco High Growth Multi-Asset ETF Portfolio</li> </ul>	\$25,000	0 bps
<u>LWI Financial, Inc.</u> <ul style="list-style-type: none"> <li>Loring Ward Global Defensive DFA Model</li> <li>Loring Ward Global Conservative DFA Model</li> <li>Loring Ward Global Balanced DFA Model</li> <li>Loring Ward Global Moderate DFA Model</li> </ul>	\$25,000	25 bps

<ul style="list-style-type: none"> <li>• Loring Ward Global Capital Appreciation DFA Model</li> <li>• Loring Ward Global Equity DFA Model</li> </ul>		
<u>Morningstar Investment Services, Inc.</u> <ul style="list-style-type: none"> <li>• Aggressive Growth ETF Model</li> <li>• Growth ETF Model</li> <li>• Moderate Growth ETF Model</li> <li>• Income &amp; Growth ETF Model</li> <li>• Conservative ETF Model</li> </ul>	\$25,000	25 bps
<u>Morningstar Investment Services, Inc.</u> <ul style="list-style-type: none"> <li>• Aggressive Growth MF Model</li> <li>• Growth MF Model</li> <li>• Moderate Growth MF Model</li> <li>• Income &amp; Growth MF Model</li> <li>• Conservative MF Model</li> </ul>	\$25,000	25 bps
<u>Morningstar Investment Services, Inc.</u> <ul style="list-style-type: none"> <li>• Aggressive Growth ETF Model</li> <li>• Growth ETF Model</li> <li>• Moderate Growth ETF Model</li> <li>• Income &amp; Growth ETF Model</li> </ul>	\$25,000	20 bps
<u>Morningstar Investment Services, Inc.</u> <ul style="list-style-type: none"> <li>• Retirement Income Long Range</li> <li>• Retirement Income Mid Range</li> <li>• Retirement Income Short Range</li> <li>• Retirement Income Ultra-Short Range</li> </ul>	\$50,000	25 bps
<u>Russell Investments</u> <ul style="list-style-type: none"> <li>• Conservative Model Strategy</li> <li>• Moderate Model Strategy</li> <li>• Balanced Model Strategy</li> <li>• Growth Model Strategy</li> <li>• Equity Growth Model Strategy</li> <li>• Tax-Managed Conservative Model Strategy</li> <li>• Tax-Managed Moderate Model Strategy</li> <li>• Tax-Managed Balanced Model Strategy</li> <li>• Tax-Managed Growth Model Strategy</li> <li>• Tax-Managed Equity Growth Model Strategy</li> </ul>	\$10,000*	0 bps
<u>Russell Investments</u> <ul style="list-style-type: none"> <li>• Hybrid conservative Model Strategy</li> <li>• Hybrid Moderate Model Strategy</li> <li>• Hybrid Moderate Growth Model Strategy</li> <li>• Hybrid Balanced Model Strategy</li> <li>• Hybrid Balanced Growth Model Strategy</li> <li>• Hybrid Growth Model Strategy</li> </ul>	\$25,000	0 bps
<u>Vanguard Advisers, Inc.</u> <ul style="list-style-type: none"> <li>• CRSP 100% Fixed Income</li> <li>• CRSP 10% Equity/90% Fixed Income</li> <li>• CRSP 20% Equity/80% Fixed Income</li> <li>• CRSP 30% Equity/70% Fixed Income</li> <li>• CRSP 40% Equity/60% Fixed Income</li> </ul>	\$10,000*	0 bps



<ul style="list-style-type: none"> <li>• CRSP 50% Equity/50% Fixed Income</li> <li>• CRSP 60% Equity/40% Fixed Income</li> <li>• CRSP 70% Equity/30% Fixed Income</li> <li>• CRSP 80% Equity/20% Fixed Income</li> <li>• CRSP 90% Equity/10% Fixed Income</li> <li>• CRSP 100% Equity</li> </ul>		
--	--	--

\*Prior to August 22, 2016, the minimum initial investment was \$25,000

## EXHIBIT C

### Fee Schedule

#### Referral Services Agreement With BNY Mellon Wealth Management

##### **IFP Advisors, Inc.**

*Referring Company*

1. The Company Fee paid to IFP shall be calculated as follows:  
**For Investment Management, Trust and IRA/ERISA Accounts:**

First \$3 million	0.50% per annum
Next \$2 million	0.36% per annum
Next \$10 million	0.25% per annum
Next \$10 million	0.17% per annum
On the balance	0.13% per annum

For Fixed Income Accounts:

First \$5 million	0.23% per annum
Next \$10 million	0.18% per annum
Next \$10 million	0.13% per annum
On the balance	0.06% per annum