

## Item 1 - Cover Page

Advisor Managed Asset Platform  
Wrap Fee Brochure  
1776 Pleasant Plain Road  
Fairfield, IA 52556  
800-777-6080  
[www.cir2.com](http://www.cir2.com)

Date of Brochure: October 2016

---

This wrap fee brochure provides information about the qualifications and business practices of Cambridge Investment Research Advisors and the Cambridge Investment Management Platform and the Institutional Registered Investment Adviser Program that should be considered before establishing an account. This information has not been approved or verified by any governmental authority. If you have any questions about the contents of this brochure, please contact us at 800-777-6080. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

## **Item 2 – Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission published 'Amendments to Form ADV' which amends the disclosure document that we provide to clients as required by SEC rules. The amendment requires Cambridge Investment Research Advisors (CIRA) to provide a summary of material changes to you, our client, within 120 days of our year end, which is December 31st. This document includes the material changes that were made to CIRA's AMAP Wrap Brochure, throughout the 2015 calendar year. You may obtain a copy of the full Wrap Disclosure Brochure at any time by contacting us at 800-777-6080 or by downloading it from our firm's website at [www.cir2.com](http://www.cir2.com).

## **Item 4 – Services, Fees and Compensation – General Disclosure Regarding ERISA and Qualified Accounts**

Advisor Representatives are required to provide a 408(b)(2) disclosure for all group retirement plans governed by ERISA, excluding owner-only retirement plans. The CIRA 408(b)2 disclosure will outline the services provide by the Advisor Representative, fiduciary status, any direct or indirect compensation received by CIRA, and manner of compensation receipt. An updated fee disclosure will be provided in the event of a change to the advisory fees received or services provided to the plan.

Advisor Representatives may be licensed to sell securities in the capacity as Registered Representatives or Registered Principals with Cambridge. Advisor Representatives, acting in their separate capacities as Registered Representatives of Cambridge, may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, CIRA Advisor Representatives may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based Cambridge account in addition to an advisory account. In the event investment advisory clients elect to purchase these products through Cambridge, Cambridge and the client's CIRA Advisor Representative, in the capacity as Cambridge Registered Representative, will receive the normal and customary commission compensation in connection with the specific product purchased. This may present a conflict of interest, as it may give the Cambridge Registered Representative an incentive to recommend investment products on the compensation received, rather than on the clients' needs. CIRA does not require its Advisor Representatives to encourage clients to implement investment advice through Cambridge. Clients of CIRA are free to implement investment advice through any broker/dealer or product sponsor they may select. However, clients should understand that, due to certain regulatory constraints, Advisor Representatives, in the capacity as a dually Registered Representative, must place all purchases and sales of securities products in commission-based brokerage accounts through Cambridge or other Cambridge approved institutions.

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

The Advisor Representative/Relationship Manager will obtain the necessary financial data from the client and assist the client in setting appropriate investment objectives for his/her account(s). Clients, together with their Advisor Representative/Relationship Manager, may use a risk tolerance questionnaire to determine an asset allocation model which will be consistent with their risk tolerance, investment objectives, financial resources, personal needs, and reasonable investment limitations. When utilizing the services of another Advisor Representative the Client and Advisor Representative/Relationship Manager may develop the investment policy statement (IPS) by selecting a specific portfolio from a group of asset allocation models created by the Adviser Representative. The Advisor Representative/Relationship Manager will be responsible for all asset allocation recommendations for the client account.

## **Item 9 – Additional Information**

In August of 2011 CIRA self-reported the misappropriation of financial planning fees by a former IAR. In good faith CIRA returned these misappropriated funds to the affected clients. As a result the SEC determined that CIRA failed to reasonably supervise the former IAR's financial planning activity and options trading, and to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act. Therefore, without admitting or denying these allegations, CIRA has agreed to a monetary penalty of \$225,000 and the continued retention of a previously hired Compliance Consultant,

for a timeframe of nine months, to assist in the continued review and implementation of enhanced procedures and policies designed to prevent violations of the Advisers Act (2016). Additional information can be found by visiting the SEC's Investment Advisor Public Disclosure site found here (<http://www.adviserinfo.sec.gov/IAPD/Default.aspx>) and completing the requested information.

### Item 3 – Table of Contents

Item 1 - Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents.....	4
Item 4 – Services, Fees and Compensation .....	6
A. Services .....	6
B. Fees and Compensation.....	8
Item 5 – Account Requirements and Types of Clients .....	12
Item 6 – Portfolio Manager Selection and Evaluation .....	12
Item 7 – Client Information Provided to Advisor Representatives .....	13
Item 8 – Client Contact with Advisor Representatives .....	13
Item 9 – Additional Information .....	13
A. Disciplinary Information.....	13
B. Other Financial Industry Activities and Affiliations .....	13
Affiliation with Cambridge Investment Research, Inc. ....	14
Affiliation with TBS Agency, Inc. ....	14
Affiliation with Continuity Partners Group, L.L.C. ....	14
Advisor Representatives Affiliated with Independent Investment Adviser Firms .....	14
Advisor Representatives Other Business Activities - Accountants .....	15
Advisor Representatives Other Business Activities - Attorneys .....	15
Advisor Representatives Other Business Activities – Pension Consultants .....	15
Advisor Representatives Other Business Activities – Real Estate and Mortgage .....	15
Advisor Representatives Other Business Activities – Insurance Agencies .....	16
Advisor Representatives Other Business Activities – Banking or Thrift Institutions .....	16
C. Code of Ethics, Participation in Client Transactions and Personal Trading .....	16

Code of Ethics Summary and Offer .....	16
Personnel Trading Policy .....	17
Agency Cross Transactions .....	18
D. Review of Accounts .....	19
Client Reports and Statements .....	18
E. Client Referrals and Other Compensation .....	19
Other Compensation .....	19
Compensation Paid for Client Referrals .....	20
Solicitors – Referring Parties .....	20
Referral Arrangements with Representatives of Unaffiliated Broker/Dealers .....	21
Marketing Arrangements with Financial Institutions. ....	21
F. Financial Information .....	21
Item 10 – Requirement for State-Registered Advisers .....	21

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

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

### **A. Services**

#### **1. Advisor Managed Asset Platform**

CIRA sponsors a wrap fee program known as the Advisor Managed Asset Platform (AMAP). AMAP is offered to individual Clients through investment advisor representatives of CIRA or individuals and entities that are individually registered as investment advisers (collectively referred to herein as “Advisor Representatives”). Only Advisor Representatives are able to provide advisory services through AMAP.

To become an AMAP participant, an Agreement for Investment Management Services (Agreement) between the client, the Advisor Representative and CIRA must be executed. In addition, the client will be required to establish a brokerage account through Cambridge and held at National Financial Services, LLC (NFS) or Pershing, LLC. Clients who open a AMAP account through an Independent Investment Adviser will also receive a copy of the Independent Investment Adviser’s Part 2A and 2B (if applicable) of Form ADV.

Through AMAP, Advisor Representatives provide investment management services, defined as giving continuous investment advice to a client and making investment recommendations for the client based on the individual needs of the client, through brokerage accounts established at Cambridge and cleared through NFS or Pershing. Advisor Representatives will be responsible for determining investment recommendations and responsible for implementing transactions in the Advisor Representative’s separate capacity as a Cambridge Registered Representative. In some cases, the Advisor Representative will delegate the responsibility of implementing transactions to Cambridge Investment Research, Inc., the broker/dealer affiliated with CIRA. The Advisor Representative shall actively manage client accounts in accordance with the client’s individual needs, objectives and risk tolerance. These accounts may be managed on either a discretionary trading basis or non-discretionary trading basis as agreed to by the client and the Advisor Representative. When discretionary trading authorization is granted by the client, the Advisor Representative will have authority to make changes to the account holdings (i.e. implement buy and sale transactions) without the client’s approval prior to each transaction. Non-discretionary trading authority accounts require the Advisor Representative to contact the client for approval prior to making any changes in the client’s account. Discretionary authority will be granted by the client in the client agreement.

Clients may receive advice on various types of securities through AMAP, including but not limited to: exchange-listed securities, securities traded over the counter, foreign issues, Exchange Traded Funds, warrants, corporate debt securities, commercial paper, certificates of deposit, mutual fund shares, municipal securities, United States government securities, and options contracts on securities.

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

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account.

Cambridge accounts are cleared and custodied at NFS or Pershing, LLC. The decision to use NFS or Pershing, LLC is made by the Advisor Representative/Relationship Manager. Generally, an Advisor Representative/Relationship Manager will use one of the custodians and not the other. However, depending on the client's needs, only one of the custodians may be a viable option. For example, Pershing, LLC will be recommended when a client is in need of an individual 401(k) account. Pershing, LLC provides a platform to create and manage individual 401(k) accounts that is not currently available on the NFS platform. Cambridge serves as the introducing broker/dealer for all accounts through AMAP and clears securities transactions on a fully disclosed basis through NFS and Pershing, LLC.

CIRA offers a wide range of investment advisory services utilizing other programs not detailed in this document. Descriptions of the services and fees for the advisory programs not detailed in this document are contained in the Part 2A of CIRA's Form ADV, copies of which are available upon request.

## **2. Investment Styles and Strategies**

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

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

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

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

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

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

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

**Strategic Asset Allocation.** Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

**Market Timing Strategy.** While uncommon and typically not recommended to clients, some CIRA

Adviser Representatives may provide a market timing service as a, or as part of, an investment strategy. In general, market timing is a strategy where the CIRA Adviser Representative will try to identify the best times to be in the market and when to get out. This service is designed to take advantage of stock market fluctuations by being invested based on the anticipated market direction. Clients should be aware that this strategy is considered an aggressive, higher-risk investment strategy. Only clients that are looking for a speculative investment strategy should participate in an investment timing service offered by a CIRA Adviser Representative.

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

## **B. Fees and Compensation**

### **1. Program Fee Schedule**

The account fee is a combined fee charged to the Client, which includes the advisor fee and service fee. The advisor fee is a basis point (bps) fee charged on assets under management and includes the services of the Advisor Representative, whether affiliated with CIRA or an independent registered investment adviser, investment advisory management services, the consultant's services, and custody of account assets. The maximum annual account fee and advisor fee for the AMAP accounts is outlined below. These are typical advisor fees charged for these types of accounts, but they can be negotiated on a representative by representative and Client by Client basis:

- The maximum annual advisor fee for an AMAP account is 2.25%.
- In addition to the annual advisor fee, a service fee may be deducted from Client accounts with the total annual account fee not to exceed 3% of assets under management. The service fee is a fixed dollar amount which includes fees for: administration, performance reporting, cost basis reporting, and various other account reports.
- If at the time of the initiation of the AMAP account, the Advisor Representative provides other services to the Client, the Advisor Representative may charge the Client a onetime non-refundable setup fee of the lesser of 1% of the account value or \$1,000 (as set forth in the Agreement). The combined setup fee and account fee may not exceed three percent (3%) of assets under management in any year. Increases in the account values due to appreciation, dividends, or interest on funds under management are not subject to the setup fee. Investments made for the Client involving assets managed under the agreement may involve compensation paid to CIRA's affiliated broker-dealer, Cambridge Investment Research, Inc. ("Cambridge") or its Registered Representatives. The portion of such compensation normally paid to the Client's Registered Representative may be used to offset fees due under the investment advisory agreement, if so agreed upon and indicated on the Agreement.

### **2. General Billing**

Fees may be charged in advance or in arrears depending upon the agreement between the client and Advisor Representative. CIRA allows Advisor Representatives the right to calculate on the basis of the market value of the account(s) on the last day of the previous quarter if fees are billed in advance or on the last day of the quarter in which services were rendered if fees are billed in arrears. Clients should discuss with their Advisor Representative the fee calculation formula in effect at the time they establish their account(s), and will be notified in writing of any change. The client and Advisor Representative will also agree on an appropriate billing cycle which could include monthly or quarterly.



The investment advisory fee may be charged as a Tiered Fee, or Breakpoint Fee.

- **Tier Fee Structure:**

- Under this fee structure, the assets could be billed at more than one fee rate.
  - Example: An account is billed under the following Tiered fee Structure and the account has a billable market value of \$500,000
    - \$0 - \$100,000 @ 1.50%
    - \$100,000 - \$250,000 @ 1.25%
    - Above \$250,000 @ 1.00%
  - This account would have the first \$100,000 in AUM billed at 1.50%
  - The next \$150,000 would bill at 1.25%
  - The remaining \$250,000 would be billed at 1.00%

- **Breakpoint Fee Structure:**

- Under this fee structure, the assets in the account will all bill under one rate.
  - Example: Using the same billing scenario with an account that has \$500,000 in billable market value and has the following breakpoint fee structure:
    - \$0 - \$100,000 @ 1.50%
    - \$100,000 - \$250,000 @ 1.25%
    - Above \$250,000 @ 1.00%
  - In this example, since there is \$500,000 in market value the account would be billed at 1.00%.

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

The Advisor Representative will retain the majority of the investment advisory fee with Cambridge retaining a percentage of the fee for the services it provides. In situations where one Advisor Representative refers a client to another Advisor Representative, both Advisor Representatives will share portions of the investment advisory fee.

Transaction costs associated with AMAP accounts typically are included in the overall investment advisory fee. In these cases, ticket charges will not be charged directly to the client's account and separate from the investment advisory fee. In addition, the types of transaction costs covered under the overall investment advisory fee may include maintenance fees, check book fees, and/or brokerage portfolio annual fee.

When transaction costs are included in the overall investment advisory fee, the Program may cost the client more or less than purchasing advisory services and transaction costs separately. The volume of transactions implemented in a client's account determines whether the costs to the client are more or less. Accounts that are actively traded will typically result in more trades per account than accounts that are managed on a buy-and-hold, or similar type, strategy. When there are a higher number of transactions, it is more advantageous to the client to have investment advisory fees cover all transactions costs. For accounts with a low or minimal amount of trades, it is more advantageous for the client to pay transaction costs separately.

The exact fee and payment arrangement is evidenced in the Agreement.

Fees are typically deducted directly from client accounts. Clients must provide the custodian with written authorization to have fees deducted from the account and paid to CIRA or the Independent Investment Advisor. The custodian will send client statements, at least quarterly, showing all disbursements for the

account including the amount of the investment advisory fee, if deducted directly from the account. It is CIRA or the Independent Investment Advisor, the Advisor Representative, and the client's responsibility to verify the accuracy of fee calculations. The qualified custodian will not determine whether the fee has been properly calculated. Upon approval from CIRA or Independent Investment Advisor, clients may pay fees via direct invoice. For clients paying via invoice, fees shall be due upon client's receipt of the invoice.

Clients may incur certain charges imposed by third parties other than CIRA in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity/insurance fees and surrender charges, and IRA and qualified retirement plan fees. For accounts held through Pershing, LLC, Cambridge will annually receive from Pershing, LLC a portion (\$2.50) of the IRA maintenance fee paid by the client to Pershing, LLC.

Investment Advisory fees charged by CIRA which may or may not include transaction ticket fees charged by Cambridge, NFS or Pershing, LLC are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses is available in each investment company security's prospectus.

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

Clients generally do not pay a transaction charge for Class A Share mutual fund transactions in non-retirement accounts, but generally do pay transaction charges for Class I Share (or other share classes) mutual fund transactions. Clients may avoid or lower the transaction charge by purchasing a Class A Share mutual fund in a non-retirement account, however the share class may be more expensive to the client over time because of the ongoing 12b-1 fee. Clients may pay a higher transaction charge for a Class I Share, however, the share class may be less expensive to the client over time. Clients should discuss and understand these additional indirect expenses borne as a result of the mutual fund fees.

Advisor Representatives may be licensed to sell securities in the capacity as Registered Representatives with CIRA's affiliated Broker/Dealer Cambridge Investment Research, Inc. (Cambridge). Advisor Representatives, acting in their separate capacities as Registered Representatives of Cambridge, may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, alternative investments and variable annuity and variable life products to advisory clients. As such, Advisor Representatives may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based Cambridge account in addition to an advisory account. In the event investment advisory clients elect to purchase these products through Cambridge, Cambridge and the client's Advisor Representatives, in the capacity as Cambridge Registered Representative, will receive the normal and customary commission compensation in connection with the specific product purchased. This may present a conflict of interest as it may give the Cambridge Registered Representative an incentive to recommend investment products on the compensation received, rather than on the client's needs. CIRA does not require its Advisor Representatives to encourage clients to implement investment advice through Cambridge. Clients of CIRA are free to implement investment advice through any Broker/Dealer or product sponsor they may select. However, clients should understand that, due to certain regulatory constraints, Advisor Representatives, in the capacity as a dually Registered Representative, must place all purchases and sales of securities products through Cambridge or other Cambridge approved institutions.

Investments made for the client involving assets managed under the agreement may involve compensation paid to CIRA's affiliated Broker/Dealer, Cambridge or its Registered Representatives. The portion of such compensation normally paid to the client's Registered Representative may be used to offset fees due under the investment advisory agreement, if so agreed upon and indicated on the client

agreement.

Cambridge is a participant in Pershing, LLC's FUNDVEST® ticket charge program, and NFS' FUNDSMART® Select ticket charge program. These programs offer clients no-load mutual funds with no transaction fees. Through formal agreements Cambridge is eligible to receive revenue sharing participation for assets that are held within these programs. Restrictions may apply in certain situations. Both Pershing LLC's FUNDVEST® and NFS' FUNDSMART® can be used in the AMAP.

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

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

It is the client's responsibility to ensure the Advisor Representative has been furnished complete copies of all documents that establish and govern the plan and evidencing client's authority to retain CIRA as an Investment Adviser. Clients must promptly furnish to CIRA any amendments to the plan and if any amendment affects the rights or obligations of CIRA, such amendment shall be binding on CIRA and the Advisor Representative only when agreed to by CIRA and its Advisor Representative in writing.

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

Advisor Representative, in their separate capacity as Registered Representatives of Cambridge, and acting in full compliance with the Cambridge and CIRA compliance policies and procedures, may retain a portion of the commissions charged to the client. These commissions may include mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. When managing ERISA and qualified accounts, the Advisor Representative must lower or offset the investment advisory fee by the amount of 12b-1 fees and other commissions received in the event such types of compensation are received by the Advisor Representative in his/her individual capacity as a Registered Representative of Cambridge. Advisor Representatives are required to provide a 408(b)(2) disclosure for all group retirement plans governed by ERISA, excluding owner-only retirement plans. The CIRA 408(b)(2) disclosure will outline the services provided by the Advisor Representative, fiduciary status, any direct or indirect compensation received by CIRA, and manner of compensation receipt. An updated fee disclosure will be provided in the event of a change to the advisory fees received or services provided to the plan.

Advisor Representatives may be licensed to sell securities in the capacity as Registered Representatives or Registered Principals with Cambridge. Advisor Representatives, acting in their separate capacities as Registered Representatives of Cambridge, may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, CIRA Advisor Representatives may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based Cambridge account in addition to an advisory account. In the event investment advisory clients elect to purchase these products through Cambridge, Cambridge and the client's CIRA Advisor Representative, in the capacity as Cambridge Registered Representative, will receive the normal and customary commission compensation in connection with the specific product purchased. This may present a conflict of interest, as it may give the Cambridge Registered Representative an incentive to recommend investment products on the compensation received, rather than on the clients' needs. CIRA does not require its Advisor Representatives to encourage clients to implement investment advice through Cambridge. Clients of CIRA are free to implement investment advice through any broker/dealer or product sponsor they may select. However, clients should understand that, due to certain regulatory constraints, Advisor Representatives, in the capacity as a dually Registered Representative, must place all purchases and sales of securities

products in commission-based brokerage accounts through Cambridge or other Cambridge approved institutions.

#### **4. Termination**

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

All services continue in effect until terminated by either party (i.e. CIRA or the client) by giving written notice to the other party at least thirty (30) days prior to the date on which termination is to be effective. Unless, all parties mutually agree on an earlier termination date. Any prepaid, unearned fees will be promptly refunded by CIRA to the client. Fee refunds will be determined on a pro-rata basis using the number of days services are actually provided during the final period. Fee refunds calculated to be less than \$25 generally will not be processed. When fees are billed in arrears, CIRA will pro-rate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment. CIRA does not impose a termination fee; however, client accounts may be subject to a modest charge for reimbursement of fees and/or costs related to transferring the account.

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

AMAP is available for individuals, pension and profit sharing plans, IRAs, 403(b)(7)s, trusts, estates, charitable organizations, corporations and other business entities.

##### **Minimum Investment Amounts Required**

AMAP typically imposes a minimum investment amount of \$25,000 to establish an account. The minimum is waived for retirement accounts. CIRA may accept accounts with less than \$25,000 in assets if CIRA believes that, based on information provided by the client to the Advisor Representative, investing a lower amount is appropriate for the client and is acceptable to the program sponsor.

It should be noted that CIRA Advisor Representatives may impose higher account minimums than the \$25,000 level established by CIRA. Accounts may not be aggregated to meet program minimums.

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

Through the Program, the client's Advisor Representative will be responsible for determining investment recommendations and responsible for implementing transactions. The Advisor Representative shall actively manage client accounts in accordance with the client's individual needs, objectives and risk tolerance. These accounts may be managed on either a discretionary trading basis or non-discretionary trading basis as agreed to by the client and Advisor Representative.

In some situations an Advisor Representative may choose to affiliate with other Advisor Representatives who offer their portfolio asset allocation services to Advisor Representatives of CIRA or an Independent Investment Adviser. In this situation the Advisor Representative, choosing to affiliate with another Advisor Representative, will generally act as the Relationship Manager.

The Advisor Representative/Relationship Manager will obtain the necessary financial data from the client and assist the client in setting appropriate investment objectives for his/her account(s). Clients, together with their Advisor Representative/Relationship Manager, may use a risk tolerance questionnaire to determine an asset allocation model which will be consistent with their risk tolerance, investment objectives, financial resources, personal needs, and reasonable investment limitations.

When utilizing the services of another Advisor Representative the Client and Advisor Representative/Relationship Manager may develop the investment policy statement (IPS) by selecting a specific portfolio from a group of asset allocation models created by the Adviser Representative. The Advisor Representative/Relationship Manager will be responsible for all asset allocation recommendations for the client account.

Sources of information used will vary from Advisor Representative to Advisor Representative. The various sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the SEC, and company press releases.

Advisor Representatives may use various other sources of information some of which may be prepared by the Advisor Representative. These sources may or may not be publicly available. In addition, Advisor Representatives consider the general overall economic climate and its potential positive or negative effects on the client's financial condition. Commercially available databases, product ranking and evaluation services such as Morningstar and Value Line Investment Services are often utilized.

### **Item 7 – Client Information Provided to Advisor Representatives**

All client information is provided to the Advisor Representatives.

### **Item 8 – Client Contact with Advisor Representatives**

Clients should contact their Advisor Representative/Relationship Manager for questions. In some situations, the clients may have a direct relationship with their Advisor Representative in which they would contact them direct.

### **Item 9 – Additional Information**

#### **A. Disciplinary Information**

CIRA reported to the Pennsylvania Securities Commission, upon CIRA's own discovery, that it had previously misinterpreted the Pennsylvania Investment Advisor Representative Registration provision. Upon CIRA's recognition of the registration issue, CIRA took prompt action and worked with the state of Pennsylvania Securities Commission to resolve the issue. CIRA was assessed a fine and legal fees which it paid in full on 9/29/2010.

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

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

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

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

CIRA is under common ownership with a registered Broker/Dealer, Cambridge Investment Research, Inc. ("Cambridge"). CIRA and Cambridge are owned by Cambridge Investment Group, Inc., a holding company which is majority owned by the Schwartz Family Trust.

Advisor Representatives may be licensed to sell securities in the capacity as Registered Representatives or Registered Principals with Cambridge. Advisor Representatives, acting in their separate capacities as Registered Representatives or Registered Principals of Cambridge, may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, Advisor Representatives may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based Cambridge account in addition to an advisory account. In the event investment advisory clients elect to purchase these products through Cambridge, Cambridge and the client's Advisor Representative, in the capacity as Cambridge Registered Representative, will receive the normal and customary commission compensation in connection with the specific product purchased. CIRA does not require its Advisor Representatives to encourage clients to implement investment advice through Cambridge. Clients of CIRA are free to implement investment advice through any Broker/Dealer or product sponsor they may select. However, clients should understand that, due to certain regulatory constraints, Advisor Representatives, in the capacity as a dually Registered Representative, must place all purchases and sales of securities products in commission-based brokerage accounts through Cambridge or other Cambridge approved institutions.

**Affiliation with TBS Agency, Inc.**

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

Advisor Representatives may be licensed life insurance agents with TBS and may sell insurance products to advisory clients. Therefore, the client's Advisor Representative, in the capacity as a licensed life insurance agent, may be able to implement insurance recommendations for advisory clients electing to receive this service. In this event, Advisor Representatives, in their separate capacities as licensed insurance agents, will receive separate and typical commission compensation for insurance and/or annuity sales.

**Affiliation with Continuity Partners Group, L.L.C.**

CIRA is affiliated with Continuity Partners Group, L.L.C (referred to as "CPG"). CPG is registered as a Registered Investment Adviser firm with the SEC and a registered broker/dealer with FINRA. CPG has been established by Cambridge Investment Group, Inc. ("CIG"), the parent company of CIRA and Cambridge, and certain principals of CIG, Cambridge and CIRA primarily to provide to certain Cambridge Rep-Advisors tools to enhance the value of their retail practices and to provide a source to finance the transitioning of their practices and/or purchase of existing practices.

Although CPG has registered as an Investment Adviser, CPG does not provide advisory services. CPG has registered as an Investment Adviser solely because it acquires the goodwill associated with the client relationships served by CIRA and CIRA Advisor Representatives participating in CPG. Correspondingly, CPG will receive a portion of advisory fees generated from such investment advisory client relationships. Advisory fees will be paid by CIRA directly to CPG. It should be noted that CPG does not provide investment advisory services. CIRA clients will not enter into a direct client relationship with CPG.

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

Some Advisor Representatives own or are affiliated with independent investment advisory firms. CIRA and the Independent Investment Advisers are not affiliated companies. Some independent investment, Advisor Representatives may provide asset management and similar services through the Independent Investment Adviser, while others may only provide financial planning services through the Independent Adviser Firm. Fees for financial planning services provided by an Independent

Investment Adviser are separate and distinct from the advisory fees paid to these Advisor Representatives in their capacities as Advisor Representatives.

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

**Advisor Representatives Other Business Activities - Accountants**

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

**Advisor Representatives Other Business Activities - Attorneys**

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

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

Certain Advisor Representatives may be pension consultants and provide pension consulting services separate from their capacity with CIRA. When Advisor Representatives that provide pension consulting services determine that their clients are in need of such services, those clients may be referred to the Advisor Representative's pension consulting firm. In addition, if pension consulting clients of an Advisor Representative are in need of financial planning or other advisory services, the Advisor Representative acting in his or her separate capacity as a pension consultant may refer clients to CIRA. Clients are not obligated in any manner to use the services or a pension consulting firm recommended by an Advisor Representative.

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

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

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

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

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

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

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

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

### **Equity Participation Plan and Stock Purchase Program**

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

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

### **Loans to CIRA Advisor Representatives**

Advisor Representatives may receive a loan from Cambridge Investment Research, Inc. (CIR) at the time of their affiliation with the firm. This loan is typically used to assist with costs associated with transitioning from their prior firm to CIR. If the amount of the loan exceeds the cost of transition, the recipient may use the remaining funds for other purposes, such as normal operational costs. Some loans may be forgiven based on certain criteria such as maintaining certain asset levels and tenure with the firm. The receipt of a loan from CIR presents a conflict of interest in that the Advisor Representative may have a financial incentive to maintain a relationship with CIR and recommend CIR to clients. However, to the extent that the Advisor Representative recommends CIR to clients, it is because he/she believes that it is in the client's best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by CIR and its affiliates.



## **C. Code of Ethics, Participation in Client Transactions and Personal Trading**

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

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

### **Personnel Trading Policy**

From time to time CIRA or one or more of its supervised persons may purchase or own the same securities and investments that CIRA or the client's Advisor Representative recommends to the client. The fact that CIRA supervised persons may have personal accounts is a conflict of interest due to the potential that an Advisor Representative may devote more time to monitoring his/her personal accounts as opposed to spending that time on the review and monitor of client accounts. In addition, there is a potential that Advisor Representatives may favor their personal accounts over client accounts. When the recommendation to the client involves individual stocks, stock options, bonds, and other general securities there could be a conflict of interest with the client because the Advisor Representative may engage in practices such as front-running, scalping, and other activities that are potentially detrimental to clients.

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

None of CIRA's supervised persons may effect for himself or herself, or his or her immediate family (1) the spouse of a person associated with the member; (2) a child of the person associated with the member or such person's spouse, provided that the child resides in the same household as or is financially dependent upon the person associated with the member; (3) any other related individual over whose account the person associated with the member has control; or (4) any other individual over whose account the associated person of the member has control and to whose financial support such person materially contributes, or for trusts for which the supervised person may serve as trustee or in which the associated person has a beneficial interest, any transactions in a security which is published on the CIRA Restricted Trading List on behalf of any of CIRA's clients without prior approval from the Chief Compliance Officer or his/her designee.

The foregoing policies and procedures are not applicable to (1) transactions in any account which neither CIRA nor its advisory affiliates has any direct or indirect influence or control, and (2) transactions in securities that are direct obligations of the U.S. government, bankers' acceptances, bank certificates of

deposit, commercial paper, and high quality short term debt instruments, including repurchase agreements or shares issued by registered open-end investment companies.

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

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

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

### **Agency Cross Transactions**

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

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

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

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

Where compensation is charged, CIRA and Cambridge will send to each client at or before completion of the transaction, information which includes the date of the transaction, a statement of the nature of the transaction, an offer to furnish the time the transaction took place, and the total of all compensation

received. Cambridge through its clearing firm will provide each client, who was a party to an agency cross transaction for compensation, an annual written disclosure statement identifying the total number of agency cross transactions since the last statement, and the total compensation received.

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

### **Principal Transactions**

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

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

### **D. Review of Accounts**

Advisor Representatives are in charge of providing all investment advice and conducting on-going reviews of all accounts for their respective client accounts. Reviews are provided on a periodic basis; generally the calendar is the main triggering factor for client reviews. However, more frequent reviews may be provided to any account depending on, among other issues, changes to the client's financial situation, personal situation or changes in market conditions.

AMAP accounts are reviewed by the Advisor Representative to analyze if the account is being managed in accordance with the client's chosen investment objective, that the account is properly balanced, if it is being managed according to a specific asset allocation model, and to verify the accuracy of account holdings and fee deductions.

Clients in AMAP generally will receive an annual letter from Cambridge confirming this personal information.

Although not every Advisor Representative provides an annual financial review to every client, CIRA encourages clients to request such a review to discuss with their Advisor Representative such things as account performance, changes in the client's investment objectives, goals, and financial situation, tax planning, estate planning, retirement planning and any other questions the client may have concerning their investment portfolio. In addition to the reviews provided by the Advisor Representatives CIRA reviews transaction suitability for accounts managed by Advisor Representatives.

### **Client Reports and Statements**

Clients may receive confirmations of purchases and sales in their accounts and will receive quarterly and/or monthly statements containing account information such as account value, transactions and other relevant account information. Confirmations and statements are prepared and delivered from account custodian (Pershing, LLC and/or NFS). Clients may also receive periodic reports reflecting the performance of their investment portfolio over a specified period.

CIRA offers optional performance reporting solutions to its CIRA Advisor Representatives who utilize the Cambridge Investment Management Platform.

Clients will also receive account statements directly from the custodians, sponsor companies or third party investment advisers. CIRA urges clients to review the contents of these custodial statements and compare them against the reports provided directly from CIRA or CIRA Advisor Representatives.

## **E. Client Referrals and Other Compensation**

### **Other Compensation**

Advisor Representative, in their separate capacities as Registered Representatives of Cambridge, may receive commissions from the execution of securities transactions. Although not shared with Advisor Representative, CIRA's affiliated broker-dealer, Cambridge, receives a portion of the ticket charges for accounts managed by CIRA and held at NFS or Pershing. In addition, Advisor Representative may receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The receipt of such commissions, ticket charges, and 12b-1 fees could represent an incentive for CIRA and the Advisor Representative to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest. When managing ERISA and qualified accounts, Advisor Representatives must lower or offset the investment advisory fee by the amount of 12b-1 fees and other commissions received in the event such types of compensation are received by the Advisor Representatives in their individual capacities as Registered Representatives of Cambridge.

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

In certain circumstances, Advisor Representatives may receive additional benefits for recommending clients who participate in AMAP Benefits could include, but are not limited to, reduced technology, conference, platform and E&O fees and costs.

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

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

Cambridge is a participant in Pershing, LLC's FUNDVEST® ticket charge program and NFS' FUNDSMART® Select ticket charge program. These programs offer clients no-load mutual funds with no transaction fees. Through formal agreements, Cambridge is eligible to receive revenue sharing participation for assets that are held within these programs. Restrictions may apply in certain situations.

Both Pershing, LLC FUNDVEST® and NFS' FUNDSMART® can be used for CIRAs Investment Management Services.

For accounts held through Pershing, LLC, Cambridge annually receives a portion (\$2.50) of the IRA maintenance fee paid by the client to Pershing.

For additional information on a particular product's payment and compensation practices, please see the prospectus, offering documents or statements of additional information.

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

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

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

It should be noted that not all Advisor Representatives work with Solicitors. CIRA's referral program will be in compliance with federal or state regulations (as applicable). All solicitation/referral fees are paid pursuant to a written agreement retained by both CIRA and the Solicitor. Solicitors are required to provide the client with a copy of CIRA's Form ADV Part 2A and a Solicitor Disclosure Document at the time of solicitation and CIRA will obtain acknowledgement from the client of receiving those disclosures. Acknowledgement must be obtained prior to or at the time of entering into any investment advisory contract with CIRA. Solicitors are not permitted to offer clients any investment advice on behalf of CIRA. The advisory fee charged to clients may increase as a result of compensation being shared with the Solicitor.

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

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

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

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

These relationships create compliance issues relative to consumer protection.

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

- Are not insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund, the Federal Deposit Insurance Corp., the National Credit Union

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

#### **F. Financial Information**

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

#### **Item 10 – Requirement for State-Registered Advisers**

CIRA is a federally registered investment adviser, therefore, this section does not apply.