

**Item 1 - Cover Page**

**Cambridge Asset Allocation Platform Wrap Fee Brochure**

1776 Pleasant Plain Road

Fairfield, IA 52556

800-777-6080

[www.cir2.com](http://www.cir2.com)

Date of Brochure:

February 2017

---

This wrap fee brochure provides information about the qualifications and business practices of Cambridge Investment Research Advisors, Inc. and the Cambridge Asset Allocation Platform ("CAAP®") that should be considered before establishing a CAAP® 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, Inc. is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information about Cambridge Investment Research Advisors, Inc. on this website by searching for Cambridge Investment Research Advisors, Inc. You may search for information by using our name or by CRD number. The CRD number for Cambridge Investment Research Advisors, Inc. is 134139.

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

## Item 2 - Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that we provide to Clients as required by SEC rules. The amendment requires Cambridge Investment Registered Advisors, Inc. (CIRA) to provide a summary of material changes to you, our Client, within 120 days of our year end which is December 31st. This document includes the material changes that were made to CAAP® Wrap Brochure throughout the 2016 calendar year. You may obtain a copy of our most current Disclosure Brochure at any time by contacting us at 800-777-6080 or by downloading it from our firm's website at [www.cir2.com](http://www.cir2.com).

Horizon Principal Protection Overlay is no longer an option and has been removed from the Brochure.

References to BMO Harris have been removed as it is no longer a custodial option for accounts.

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

Clients may choose to utilize a Unified Managed Account (UMA). A UMA offers the Client the ability to select multiple CAAP Strategists in one account. The UMA would hold the investments recommended by each selected strategist in a separate sleeve. Utilizing the proposal generation tools the Advisor Representative customizes the asset allocation models for a particular Client or selects proposed asset allocations for types of investors fitting Client's profile and investment goals. The Advisor Representative then further customizes the portfolio by selecting the specific, underlying investment strategies or Investments in the portfolio to meet the Client's needs. Once the Advisor Representative has established the content of the portfolio, the overlay manager will implement trade orders based on the recommendations of the selected strategists and/or the Advisor Representative.

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

CAAP® offers overlay management strategies provided by Horizon Investments: Risk Assist®, Risk Mitigation Overlay, and the Real Spend® retirement income strategy. The CAAP® overlay fees are basis point (bps) fees charged on assets under management and include the services of the Advisor Representative, whether affiliated with CIRA or an independent registered investment adviser, investment advisory management services and the consultant's services as they pertain to the overlays. Risk Assist® and Risk Mitigation Overlay are not a guarantee. Risk Assist® and Risk Mitigation Overlay are strategies which seek to limit exposure and mitigate loss by changing investment components. There may be times where all investments and strategies are unfavorable and depreciate in value. Risk Assist® and Risk Mitigation Overlay will not prevent all losses, and accounts with Risk Assist® or Risk Mitigation Overlay may not be fully invested in the underlying model, and during periods of strong market growth may underperform accounts. The Real Spend® retirement income strategy is not a guarantee against market loss. Real Spend® is an integrated asset allocation strategy that uses an investment model to, (i) plan savings amounts and overall asset allocation during the distribution phase of retirement planning, (ii) compute target retirement wealth, assuming a retirement budget and a spending-investment strategy after retirement, (iii) compute the transition from the accumulation phase to the retirement phase, and (iv) generate the spending-investment strategy after retirement. The retirement spending-investment strategy uses an allocation model that, assuming there is value appreciation, replenishes cash needed for withdrawals. Please note, the overlay strategies may not be available for all programs within CAAP®.

## Item 4 – Services, Fees, and Compensation; Fees and Compensation; Program Fee Schedule

The Account Fee is the total fee billed to your account. The advisory fee is charged on assets under management and includes the services of the Advisor Representative, investment advisory management services, strategist fees, service fee and custody of account assets as applicable. The account fee may increase or decrease based on future strategy election changes requested.

The service fee is a dollar amount which includes: CAAP® administration, cost basis reporting, and various other account reports. The service fee varies by strategist. When a client changes their portfolio the corresponding service fee will apply. A list of each strategist's service fee is listed later in this brochure. A service fee is not applied to an UMA since there is a separate fee structure for UMA.

## Item 4 – Services, Fees, and Compensation; Fees and Compensation; General Billing

Per the CAAP agreement and application, when the overlay is removed from an account, the client will not be refunded any pro-rata fees for the overlay that has been billed monthly or quarterly in advance.

## Item 5 - Account Requirements and Types of Clients; Minimum investment amounts required

Single Strategy Account Options

Strategist Name	Portfolio Composition*	Strategist Minimum	Service Fee
Loring Ward	Loring Ward SA Global mutual funds	\$50,000.00	\$175.00
	Dimensional Fund Advisors mutual funds	\$50,000.00	\$250.00
	Socially Responsible and Sustainability - DFA	\$50,000.00	\$175.00
Morningstar Investment Services	Mutual funds	\$50,000.00	\$175.00
	Exchange Traded Funds	\$50,000.00	\$250.00
Rogerscasey	Mutual funds	\$50,000.00	\$175.00
Russell Investments	Russell mutual funds	\$50,000.00	\$175.00
	LifePoints® Funds Target Portfolio Series	\$10,000.00	\$50.00
Symmetry Partners	Mutual funds	\$50,000.00	\$250.00
JP Morgan	JP Morgan Mutual funds	\$50,000.00	\$175.00
The Vanguard Group	Vanguard ETFs	\$20,000.00	\$175.00
	Core Series, Vanguard ETFs	\$5,000.00	\$0.00
Fund Evaluation Group	Mutual funds & ETFs	\$100,000.00	\$175.00
Greenrock Research	Mutual funds	\$50,000.00	\$250.00
Horizon Investments	Horizon mutual funds & ETFs	\$50,000.00	\$175.00
Litman Gregory Asset Management	Mutual funds	\$50,000.00	\$175.00
	Exchange Traded Funds	\$20,000.00	\$175.00
The Institute for Wealth Management	Mutual funds	\$50,000.00	\$175.00
Weatherstone Capital Management	Mutual funds & ETFs	\$25,000.00	\$175.00

#### Unified Managed Account Options

Strategist Name	Portfolio Composition*	Sleeve Minimum
Loring Ward	Loring Ward SA Global mutual funds	\$50,000.00
	Dimensional Fund Advisors mutual funds	\$50,000.00
	Socially Responsible and Sustainability - DFA	\$50,000.00
Morningstar Investment Services	Mutual funds	\$50,000.00
	Exchange Traded Funds	\$50,000.00
Rogerscasey	Mutual funds	\$50,000.00
Russell Investments	Russell mutual funds	\$50,000.00
Symmetry Partners	Mutual funds	\$50,000.00
JP Morgan	JP Morgan Mutual funds	\$50,000.00
The Vanguard Group	Vanguard ETFs	\$50,000.00
Fund Evaluation Group	Mutual funds & ETFs	\$100,000.00
Greenrock Research	Mutual funds	\$50,000.00
Horizon Investments	Horizon mutual funds & ETFs	\$50,000.00
Litman Gregory Asset Management	Mutual funds	\$50,000.00
	Exchange Traded Funds	\$50,000.00
The Institute for Wealth Management	Mutual funds	\$50,000.00
Weatherstone Capital Management	Mutual funds & ETFs	\$50,000.00

Note: UMA account minimum is \$100,000, individual sleeve minimums must also be met. The Service Fee does not apply to a UMA account.

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

CIRA will rebalance Client's account(s) upon suggested changes from the strategists and will review accounts against their assigned models to determine if the account is significantly out of balance. Significantly out of balance is defined by a variance range of +/- 20% on asset allocations of 10% or less and variance range of +/- 15% on asset allocations of greater than 10%. A minimum trade size may be applied to all buys and sells. Due to this variance range, an account may not be allocated 100% to the prescribed strategy. The strategy allocation may change over time based on recommendations of the strategists.

**Item 5 – Account Requirements and Types of Clients; Excluded Assets**

Cash being held as an excluded asset may be invested into a money market fund selected by CIRA and may not be an FDIC-Insured Cash Sweep Vehicle. The excluded asset is protected from liquidation using a symbol or CUSIP driven trade restriction. Corporate action and reorganization activity may result in a change to the symbol or CUSIP. Since CIRA does not monitor excluded assets, the Client is responsible for providing CIRA with the information to update the Waiver for Excluded Assets to ensure the new symbol or CUSIP is properly restricted prior to the effective date of the corporate action. Failure to do so may result in the position being liquidated upon discovery or during the course of normal trading events.

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

The Client's Advisor Representative is also authorized by the Client to provide trade instructions to CIRA. Trade instructions may include but are not limited to liquidation of excluded assets, tax lot harvesting instructions and requests to liquidate assets to raise cash for distributions or cash withdrawals.

**Item 9 – Additional Information; Loans to CIRA Advisor Representatives**

CIRA 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 CIRA Advisor Representative may have a financial incentive to maintain a relationship with CIR and recommend CIR to clients. However, to the extent that the CIRA 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.

### Item 3 – Table of Contents

Item 1 - Cover Page.....	1
Item 2 - Material Changes .....	2
Item 3 – Table of Contents .....	5
Item 4 – Services, Fees, and Compensation.....	7
A. Services .....	7
1. Investment Styles and Strategies.....	8
2. Asset Classes.....	8
B. Fees and Compensation .....	9
1. Program Fee Schedule .....	9
2. Setup Fee.....	10
3. General Billing .....	10
4. General Disclosure Regarding ERISA and Qualified Accounts.....	11
5. Termination.....	11
Item 5 – Account Requirements and Types of Clients .....	11
Excluded Assets.....	14
Item 6 – Portfolio Manager Selection and Evaluation .....	14
Item 7 – Client Information Provided to Portfolio Managers.....	15
Item 8 – Client Contact with Portfolio Managers .....	15
Item 9 – Additional Information .....	15
A. Disciplinary Information .....	15
B. Other Financial Industry Activities and Affiliations .....	15
<i>Affiliation with Cambridge Investment Research, Inc.</i> .....	15
<i>Affiliation with TBS Agency, Inc.</i> .....	16
<i>Affiliation with Continuity Partners Group, L.L.C.</i> .....	16
<i>Advisor Representatives Affiliated with Independent Investment Adviser Firms</i> .....	16
<i>Advisor Representatives’ Other Business Activities – Accountants</i> .....	16
<i>Advisor Representatives’ Other Business Activities – Attorneys</i> .....	16
<i>Advisor Representatives’ Other Business Activities – Pension Consultants</i> .....	17
<i>Advisor Representatives’ Other Business Activities – Real Estate and Mortgage</i> .....	17
<i>Advisor Representatives’ Other Business Activities – Insurance Agencies</i> .....	17

<i>Advisor Representatives' Other Business Activities – Banking or Thrift Institutions .....</i>	<i>17</i>
<i>Arrangements with Unaffiliated Investment Advisers .....</i>	<i>17</i>
General Disclosure .....	17
Loans to CIRA Advisor Representatives.....	18
C. Code of Ethics, Participation in Client Transactions, and Personal Trading.....	18
Code of Ethics Summary and Offer.....	18
Personal Trading Policy .....	19
Agency Cross Transactions.....	19
Principal Transactions .....	20
D. Review of Accounts .....	20
Client Reports and Statements .....	21
E. Client Referrals and Other Compensation .....	21
Other Compensation.....	21
Compensation Paid for Client Referrals .....	22
Solicitors – Referring Parties.....	22
Referral Arrangements with Representatives of Unaffiliated Broker-dealers .....	22
Marketing Arrangements with Financial Institutions .....	22
F. Financial Information.....	22
Item 10 – Requirement for State Registered Advisers .....	23

## Item 4 – Services, Fees, and Compensation

Cambridge Investment Research Advisors, Inc. (also referred to as “CIRA”, us, we, our and “Advisor” throughout this Disclosure Brochure) is a corporation formed under the laws of the State of Iowa. We are approved to conduct business in all 50 states, the District of Columbia, and Puerto Rico. 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**

CIRA sponsors a wrap fee platform known as the Cambridge Asset Allocation Platform (“CAAP®”). CAAP® is offered to Clients through individuals who are investment advisor representatives of CIRA or individuals and entities that are individually registered as investment advisers (collectively referred to herein as “Advisor Representatives”). CAAP® offers Clients and Advisor Representatives the ability to select one or more of the CAAP® strategies, described below. Using the Client’s risk tolerance information the Advisor Representative recommends a portfolio designed to meet the individual Client’s needs and investment objectives.

Portfolios comprised of load-waived mutual funds, no-load mutual funds, sector funds, inverse index funds, leveraged index funds, stocks or exchange traded funds (“ETF”) shall be referred to collectively herein as either “Security” or “Securities.” The model asset allocation portfolios (referred to collectively as “CAAP®”) are selected through a comprehensive due diligence process by strategists who are selected by, but are not affiliated with, CIRA. Custody for CAAP® accounts is at National Financial Services, LLC (NFS), or Pershing LLC (Pershing). Securities are selected by the strategists, who are registered investment advisers, using a screening process that looks at various investment criteria, including risk-adjusted performance, management continuity, portfolio composition, investment style, expense structure, turnover rate, asset growth rate, asset size, and various risk measurements. Depending upon the CAAP® strategy selected, the Client, together with his or her Advisor Representative, will 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. The Client, together with his or her Advisor Representative, will then develop the investment policy statement (IPS) by selecting either a single strategist or multiple strategists from a group of asset allocation models.

Clients may choose to utilize a Unified Managed Account (UMA). A UMA offers the Client the ability to select multiple CAAP Models in one account. The UMA would hold the investments recommended by each selected strategist in a separate sleeve. Utilizing the proposal generation tools the Advisor Representative customizes the asset allocation models for a particular Client or selects proposed asset allocations for types of investors fitting Client’s profile and investment goals. The Advisor Representative then further customizes the portfolio by selecting the specific, underlying investment strategies or Investments in the portfolio to meet the Client’s needs. Once the Advisor Representative has established the content of the portfolio, the overlay manager will implement trade orders based on the recommendations of the selected strategists and/or the Advisor Representative.

Described below are several examples of asset classes and/or management styles that may be used by the various strategists available in CAAP® portfolios. This is not to be considered an exhaustive list of asset classes and management styles; Clients will be provided with much more detailed and specific information about each Security’s styles and asset choices during their selection process. It is important to note that investment managers may use a combination of management styles.

The strategists will combine these styles and asset classes into an asset allocation portfolio designed to manage risk through diversification. The allocation of different asset classes and management styles is believed to reduce risk as compared to a portfolio composed of investments concentrated into a similar or identical asset class.

CAAP® offers overlay management strategies provided by Horizon Investments: Risk Assist®, Risk Mitigation Overlay, and the Real Spend® retirement income strategy. The CAAP® overlay fees are basis point (bps) fees charged on assets under management and include the services of the Advisor Representative, whether affiliated with CIRA or an independent registered investment adviser, investment advisory management services and the consultant’s services as they pertain to the overlays. Risk Assist® and Risk Mitigation Overlay are not a guarantee. Risk Assist® and Risk Mitigation Overlay are strategies which seek to limit exposure and mitigate loss by changing investment components. There may be times where all investments and strategies are unfavorable and depreciate in value. Risk Assist® and Risk Mitigation Overlay will not prevent all losses, and accounts with Risk Assist® or Risk Mitigation Overlay may not be fully invested in the underlying model, and during periods of strong market growth may cause the account to underperform. The Real Spend® retirement income strategy is not a guarantee against market loss. Real Spend® is an integrated asset allocation strategy that uses an investment model to, (i) plan savings amounts and overall asset allocation during the distribution phase of retirement

planning, (ii) compute target retirement wealth, assuming a retirement budget and a spending-investment strategy after retirement, (iii) compute the transition from the accumulation phase to the retirement phase, and (iv) generate the spending-investment strategy after retirement. The retirement spending-investment strategy uses an allocation model that, assuming there is value appreciation, replenishes cash needed for withdrawals. Please note, the overlay strategies may not be available for all programs within CAAP®.

## 1. Investment Styles and Strategies

**Growth style** — This management style focuses on purchasing the stock of companies that have excellent financial characteristics such as above-average sales growth, profit growth, dividend growth, profit margins, and return on capital. In general, a portfolio manager following a growth approach to managing is willing to pay a higher than average valuation for this type of stock. The most volatile type of growth style will follow an “earnings momentum” approach, which emphasizes companies exhibiting very rapid sales and earnings growth, while paying less attention to the valuation of the stock. A more conservative growth manager may choose to focus on high quality growth companies that are available at reasonable valuations determined by various pricing models. In addition, the growth approach may be applied across the capitalization spectrum so that the Client and his or her Advisor Representative may choose to focus on either small-cap or large-cap stocks.

**Value style** — This management style focuses on purchasing the stock of companies that generally have less attractive measures of financial performance than growth companies, but can be purchased at very attractive prices. In other words, a lower quality stock is acceptable as long as the price is sufficiently attractive. A portfolio manager following a value approach to managing assets may choose to invest in the stock of companies that he/she feels are selling at a sizeable discount from “private market value” — a price an acquirer might be willing to pay for the entire company. Value managers are also attracted to sound companies whose stock prices are depressed by temporary business problems or investor misperceptions. The value approach may be applied across the capitalization spectrum so that the Client and his/her Advisor Representative may choose to focus on either small-cap or large-cap stocks.

**Fixed income style** — This management style focuses on purchasing different types of bonds. In particular, a portfolio manager following a fixed income approach to managing assets invests in high quality bonds, lower quality high yielding bonds, or international bonds, depending on the specific objectives for the account.

**Asset allocation style** — This management style strives to construct portfolios which provide a certain lower level of overall risk (or fluctuation in principal) than would otherwise have been achieved through a less diversified approach. To achieve this objective, the portfolio manager may combine asset classes whose returns do not move in perfect tandem; in other words, their returns are not closely correlated.

## 2. Asset Classes

**Large-cap equities** — These are stocks of U.S. companies with market capitalization that is generally greater than the mean capitalization of stocks on U.S. exchanges. Stocks in this category, being from larger companies, are more easily traded, more widely held, and more broadly followed by investment analysts. Risk levels vary widely among these stocks.

**Small-cap equities** — These are stocks of U.S. companies with market capitalization that is generally less than the mean capitalization of stocks on U.S. exchanges. Being stocks of smaller companies, growth rates and risk tend to be higher, while information on the stocks and ready liquidity tends to be less available.

**Investment grade fixed income** — This investment class is comprised of U.S. “investment grade” bonds and other fixed income instruments. Investment grade fixed income investments generally have been rated for credit quality and are used by fixed income investors who are risk averse.

**High yield fixed income** — U.S. high yield corporate bonds, also known as “junk” bonds, are fixed income investments with low or no credit rating and generally higher risk of default than investment grade bonds. Correspondingly, these investments pay significantly higher coupon and yield rates.

**International equities** — These are stocks of companies that derive most of their sales from outside the U.S. These investments can carry broadly varied risk, and potential return can vary as well. This investment class is used to diversify the equity exposure in a portfolio, such that all stock exposure is not dependent only on U.S. economic and market conditions.



**Real estate investment trusts** — This investment class represents ownership in real estate or real estate loans in either commercial or residential real estate properties.

**Cash equivalents** — This asset class is substantially equal to cash and as such carries low interest rates and little or no risk of loss in value. Money market mutual funds are the most common form of this asset class. Some portfolios may move 100% of the assets in the portfolio to money market funds to preserve capital.

### 3. Methods of Analysis

**Dynamic asset allocation using technical analysis** — A method of evaluating securities by relying on the assumption that market data such as charts and statistics of price, volume, and open interest can help predict future (usually short-term) market trends. Unlike fundamental analysis, the intrinsic value of the security is not considered.

**Tactical analysis strategies using fundamental analysis** — A method of security valuation which involves examining the company's financials and operations, especially sales, earnings, growth potential, assets, debt, management, products, and competition. This method of valuation can also be applied to sectors and asset classes.

**Sector rotation strategies using business cycle analysis** — This strategy assumes that changes in the broad economy will have significant, yet different, effects on stocks, sectors, and asset classes. By following economic cycles, one chooses specific securities that may have strength in the given or forecasted climate. The various anticipated stages of expansion and contraction coupled with historical results of securities within these stages determines allocations.

## **B. Fees and Compensation**

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

The Account Fee is the total fee billed to your account. The advisory fee is charged on assets under management and includes the services of the Advisor Representative, investment advisory management services, strategist fees, service fee and custody of account assets as applicable. The account fee may increase or decrease based on future strategy election changes requested.

The service fee is a dollar amount which includes: CAAP® administration, cost basis reporting, and various other account reports. The service fee varies by strategist. When a Client changes their portfolio the corresponding service fee will apply. A list of each strategist's service fee is listed later in this brochure. A service fee is not applied to an UMA since there is a separate fee structure for UMA.

The maximum annual Advisor fee for the CAAP® accounts is outlined below. These are typical advisor fees charged for these types of accounts, but they can be negotiated on an Advisor Representative-by-Advisor Representative or Client-by-Client basis:

- The maximum annual advisor fee for a CAAP® account is 2.15%.
- In addition to the annual advisor fee, a service fee and optional overlay fee may be deducted from Client accounts with the total annual account fee not to exceed 3% of assets under management.

CAAP® may cost the Client more or less than purchasing the same funds and investment advisory services individually. Factors that bear upon the cost of a CAAP® account in relation to the cost of the same Securities and investment advisory services purchased individually include: the type and size of the account, the historical and/or expected size or number of trades for the account, whether or not the account includes a setup fee or service fee (disclosed on the CAAP® Advisory Client Agreement and Application), and the number and range of supplementary advisory and Client related services provided to the account.

Some portions of the account fee are negotiable and subject to discounts on an account-by-account basis. These discounts may be a consideration for the Advisor Representative when choosing a platform to recommend.

In addition to the account fees noted previously, the Client may also incur certain charges imposed by third parties, CIRA, or Cambridge in connection with investments made through CAAP® accounts. These may include, but are not limited to, the following: mutual fund or money market 12b-1 and sub-transfer agent fees, mutual fund or money market management fees and administrative expenses, mutual fund transaction fees, IRA and qualified retirement plan fees, exchange fees, and other charges required by law. CIRA, Cambridge, and the Advisor Representative may receive a portion of these fees. Further information regarding charges and fees assessed by a mutual fund are available in the appropriate prospectus and

statement of additional information, which should be read carefully.

CIRA has 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.

A Wrap fee is a specific fee not based directly upon transactions in a Client's account. The fee is charged to offer management of your investment account, it bundles together the cost of a variety of different services, including but not limited to, administration of your account, reporting and statement expenses, overlay management expenses and the execution of Client transactions into a single asset-based fee.

The wrap fee does not include the expenses of the individual mutual funds. Each of the mutual funds and ETFs bears its own operating expenses, including compensation to the fund or sub-account advisor. As an investor in the mutual funds, or ETFs, the Client indirectly bears the operating expenses of the mutual funds or ETFs as these expenses will affect the net asset value (or share price in the case of an ETF) of each mutual fund or ETF. The ratios of fund expenses to assets vary from fund to fund according to the actual amounts of expenses incurred and fluctuations in the fund's daily net assets. Information on the specific expenses for each of the mutual funds is set forth in the fund's prospectus and periodic reports provided by the fund to the Client.

The wrap fee cost for advisory and investment management services may be more or less than the cost of purchasing similar services separately. For example, direct investment in a mutual fund or ETFs could be less expensive than investment in the same securities through CAAP, because the Client would not bear any platform fee. All mutual funds included in CAAP will be available for purchase at each fund's net asset value and with no sales charge, so that no sales commissions are incurred in connection with investment in the initial portfolio and portfolio rebalancing.

## **2. Setup Fee**

If at the time of the initiation of the CAAP® Advisory Client Agreement, CIRA or Advisor Representative provides other services to the Client, CIRA or Advisor Representative may charge the Client a one-time non-refundable setup fee of the lesser of 1% of the account value or \$1,000 (see the CAAP® Account Application for the actual charge on each account). Except as explained below, the setup fee is debited from the CAAP® account at the same time the initial account fee is debited. 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 Exhibit(s).

## **3. General Billing**

Account fees are billed or debited on a monthly or quarterly reporting period in advance pursuant to each investment strategist's fee schedule. Any other applicable charges are automatically debited from one or more CAAP® account(s) when they are incurred. The account fee will be debited first from free credit balances, if any. If there is no free credit balance in any CAAP® account, CIRA will redeem money market fund shares to cover the account fees and any other charges. The Client will be notified to deposit additional funds to refresh the money market balance, as needed. At any time, CIRA may liquidate a portion or all of the other assets in any CAAP® account to cover account fees and other charges. Liquidation(s) may have tax consequences and may reduce the account below the applicable minimum balance, thereby incurring additional charges.

When the Client establishes a CAAP® account, the account fee is billed in advance. If a CAAP® account is established on a date other than the last day of a reporting period, the initial account fee will be prorated for the remainder of the reporting period. Prorated fees for new accounts will be debited within 20 days after the account is traded. Accounts traded between the 1<sup>st</sup> and 15<sup>th</sup> of the month will be debited on or around the 20<sup>th</sup>, accounts traded between the 16<sup>th</sup> and the last day of the month will be debited on or around the 6<sup>th</sup> of the following month. The setup fee, if applicable, is also debited when the initial account fee is billed. Subsequent account fees, based upon the ending value of the prior reporting period, are due and will be debited at the beginning of each reporting period.

Additional deposits of funds may be subject to an interim debit fee when deposited in between billing periods. The same pro-rated calculation method described above will be used, where prorated fees will be debited within 20 days after the

additional deposit. This fee is determined on an Advisor Representative-by-Advisor Representative or account-by-account basis. The Client should discuss with his or her Advisor Representative if or when this fee may apply to the Client's accounts.

Per the CAAP agreement and application, when the overlay is removed from an account, the client will not be refunded any pro-rata fees for the overlay that has been billed monthly or quarterly in advance.

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

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

It is 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.

When managing ERISA and qualified accounts, CIRA will lower or offset the Advisor fee by the amount of 12b-1 fees and other commissions received from the account's investments. 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.

#### **5. 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 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.

#### **Assignment/Termination**

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. If the Client terminates the Agreement within five (5) business days of the date he or she signed an agreement, CIRA will refund any fees the Client paid in advance for services. For CAAP® accounts upon termination of the CAAP® Agreement after five days from the opening of account, CIRA may retain up to \$500 of the prepaid Account Fee for the current quarter. Upon termination of the CAAP® Agreement, the account will convert to a brokerage account and transactions in the converted account(s) will be processed at normal brokerage rates. Termination of the CAAP® Agreement will not affect the liabilities or obligations of the parties from transactions initiated prior to termination. Upon actual receipt of notice of termination CIRA's obligation to actively manage or advise Client with respect to the CAAP® account(s) will immediately terminate and CIRA thereafter will act only on the written instructions of Client or Client's duly appointed Advisor Representative. Unless CIRA receives written instructions from Client's duly appointed Advisor Representative or Client, CIRA will not buy, sell, reallocate, or rebalance Funds in the converted account. Notwithstanding anything herein to the contrary, assignment, termination, and transfer procedures relating to IRA and 403(b)(7) accounts are subject to provisions and restrictions of law, regulations, and a custodial Agreement.

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

CAAP® 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

##### Single Strategy Account Options

Strategist Name	Portfolio Composition*	Strategist Minimum	Service Fee
Loring Ward	Loring Ward SA Global mutual funds	\$50,000.00	\$175.00
	Dimensional Fund Advisors mutual funds	\$50,000.00	\$250.00
	Socially Responsible and Sustainability - DFA	\$50,000.00	\$175.00
Morningstar Investment Services	Mutual funds	\$50,000.00	\$175.00
	Exchange Traded Funds	\$50,000.00	\$250.00
Rogerscasey	Mutual funds	\$50,000.00	\$175.00
Russell Investments	Russell mutual funds	\$50,000.00	\$175.00
	LifePoints® Funds Target Portfolio Series	\$10,000.00	\$50.00
Symmetry Partners	Mutual funds	\$50,000.00	\$250.00
JP Morgan	JP Morgan Mutual funds	\$50,000.00	\$175.00
The Vanguard Group	Vanguard ETFs	\$20,000.00	\$175.00
	Core Series, Vanguard ETFs	\$5,000.00	\$0.00
Fund Evaluation Group	Mutual funds & ETFs	\$100,000.00	\$175.00
Greenrock Research	Mutual funds	\$50,000.00	\$250.00
Horizon Investments	Horizon mutual funds & ETFs	\$50,000.00	\$175.00
Litman Gregory Asset Management	Mutual funds	\$50,000.00	\$175.00
	Exchange Traded Funds	\$20,000.00	\$175.00
The Institute for Wealth Management	Mutual funds	\$50,000.00	\$175.00
Weatherstone Capital Management	Mutual funds & ETFs	\$25,000.00	\$175.00

\* Portfolio composition may change over time without prior notice.

Russell Investments LifePoints® Funds Target Portfolio Series and The Vanguard Group Core Series, Vanguard ETFs impose a \$50,000 maximum investment.

##### Unified Managed Account Options

Strategist Name	Portfolio Composition*	Sleeve Minimum
Loring Ward	Loring Ward SA Global mutual funds	\$50,000.00
	Dimensional Fund Advisors mutual funds	\$50,000.00
	Socially Responsible and Sustainability - DFA	\$50,000.00
Morningstar Investment Services	Mutual funds	\$50,000.00
	Exchange Traded Funds	\$50,000.00
Rogerscasey	Mutual funds	\$50,000.00
Russell Investments	Russell mutual funds	\$50,000.00
Symmetry Partners	Mutual funds	\$50,000.00
JP Morgan	JP Morgan Mutual funds	\$50,000.00
The Vanguard Group	Vanguard ETFs	\$50,000.00
Fund Evaluation Group	Mutual funds & ETFs	\$100,000.00
Greenrock Research	Mutual funds	\$50,000.00
Horizon Investments	Horizon mutual funds & ETFs	\$50,000.00
Litman Gregory Asset Management	Mutual funds	\$50,000.00
	Exchange Traded Funds	\$50,000.00
The Institute for Wealth Management	Mutual funds	\$50,000.00
Weatherstone Capital Management	Mutual funds & ETFs	\$50,000.00

Note: UMA account minimum is \$100,000, individual sleeve minimums must also be met. The Service Fee does not apply to a UMA account.

The UMA Program fee is calculated on the total account value and is subject to an annual minimum program fee of \$250.

Accounts may not be aggregated to meet program minimums. In certain instances, the minimum account size may be negotiated.

After the Client has established a CAAP® account, and providing the Client deposits the required portfolio minimum of equal to or greater than to 90% of the amount referenced in the Client's IPS, the Client's account(s) will be eligible for trading. Before the account reaches the portfolio minimum and 90% of the amount referenced in the IPS, the funds will be held in a money market at the custodian and securities will be held in kind. Accounts that receive less than 90% funding, but have received all anticipated funding and meet the account minimum for the selected model may be invested by contacting your Advisor Representative.

If the Client closes a CAAP® account or if the Client reduces the account balance below the minimum account value during the first twelve months, the Client may be charged a fee up to a maximum of \$500 in order to cover the administrative costs of establishing the CAAP® account(s). The Client understands that if he/she deposits assets requiring liquidation, CIRA may not trade account(s) until settlement of the funds. Accounts funded by an in-kind transfer will have assets liquidated, and ticket charges associated with the liquidation of those assets will be charged to the Advisor Representative. The Client's Advisor Representative is also authorized by the Client to provide trade instructions to CIRA. Trade instructions may include but are not limited to liquidation of excluded assets, tax lot harvesting instructions and requests to liquidate assets to raise cash for distributions or cash withdrawals.

CIRA will rebalance Client's account(s) upon suggested changes from the strategists and will review accounts against their assigned models to determine if the account is significantly out of balance. Significantly out of balance is defined by a variance range of +/- 20% on asset allocations of 10% or less and variance range of +/- 15% on asset allocations of greater than 10%. A minimum trade size may be applied to all buys and sells. Due to this variance range, an account may not be allocated 100% to the prescribed strategy. The strategy allocation may change over time based on recommendations of the strategists.

Rebalances and reviews of CAAP® accounts will typically be performed in accordance with the schedule listed below:

Schedule for Rebalance or Reviews	Annual Rebalance		Quarterly Review		
	January	February	May	August	November
Fund Evaluation Group		X	X	X	X
Greenrock		X	X	X	X
Horizon Investments		X	X	X	X
JP Morgan Asset Management		X	X	X	X
Litman/Gregory Asset Management, LLC		X			
Loring Ward	X				
Morningstar Investment Services		X	X	X	X
Rogerscasey		X	X	X	X
Russell Investment Group		X	X	X	X
Symmetry Partners	X				
The Institute for Wealth Management		X	X	X	X
The Vanguard Group		X	X	X	X
Weatherstone Capital Management		X	X	X	X

Advisor Representative must notify CIRA whenever additional cash contributions are deposited to a CAAP® account. In certain cases, because of the required model cash target, no trades may be processed. The Advisor Representative may request a rebalance of the Client's account. Client's account(s) will be billed the account fee based on total assets under management, including those funds deposited and that await rebalancing.

CAAP® accounts may be subject to short-term redemption fees from the mutual fund companies upon sale of assets. For non-qualified account registrations, this action may be a taxable event. Clients should consult their tax professional for further guidance.

In regards to all cash withdrawal requests, if the cash for the withdrawal has not been delivered out of the Client account 60 days after receiving a partial redemption/withdrawal request, funds may be reinvested back into the model at the current market. Dividends and capital gains are reinvested on the reinvestment date as established by the mutual fund company. Dividends and capital gains are reinvested in all portfolios except the Rogerscasey and Greenrock portfolios where dividends and capital gains remain in cash. Dividends for ETFs are paid to cash. Excess cash is invested during a rebalance event or upon discovery of a high cash condition.

### **Excluded Assets**

An Advisor Representative may request, on behalf of the Client, authorization to hold an excluded asset (an asset that is not part of the CAAP model). A waiver to hold an excluded asset in CAAP will be considered by CIRA on a limited and individual basis under the following conditions: the client intends to continue to hold the asset long-term and the asset is either an equity or a bond. Upon receiving authorization from CIRA, the Client will be required to sign the CAAP Waiver for Excluded Assets form. Although the excluded assets may be held in an account that also includes assets that are subject to management by CIRA through CAAP® strategies, the excluded assets will not be managed by CIRA or included in the CAAP® strategies. Unless otherwise agreed to in writing by CIRA, CIRA will not monitor, provide investment recommendations, exercise discretionary authority, or otherwise manage the excluded assets.

Cash being held as an excluded asset may be invested into a money market fund selected by CIRA and may not be an FDIC-Insured Cash Sweep Vehicle. The excluded asset is protected from liquidation using a symbol or CUSIP driven trade restriction. Corporate action and reorganization activity may result in a change to the symbol or CUSIP. Since CIRA does not monitor excluded assets, the Client is responsible for providing CIRA with the information to update the Waiver for Excluded Assets to ensure the new symbol or CUSIP is properly restricted prior to the effective date of the corporate action. Failure to do so may result in the position being liquidated upon discovery or during the course of normal trading events.

The Advisor Representative is authorized by the Client to provide instructions to CIRA for excluded assets held in the account. These instructions include but are not limited to trade instructions to sell the security, reduce the quantity of the security or cash amount, or provide an updated symbol or CUSIP due to a corporate action or reorganization event. New purchases and additional buys of an excluded asset are generally prohibited. CIRA will not include the excluded assets as part of the account fees charged for the CAAP® account. Excluded assets may be subject to fees and charges other than the account fees, according to the terms in the CAAP®- Advisors Client Agreement. Excluded assets are generally not allowed in accounts that have a Horizon Investment overlay strategy.

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

CIRA acts as the portfolio manager for CAAP®. CIRA's Investment Committee enters into relationships with select third party portfolio strategists to solicit recommendations otherwise known as "purchasing signals" for the various CAAP® strategies. However, the Investment Committee is responsible for oversight of the investment selection process, and for reviewing and approving all products to be offered in CAAP®.

Based on the Investment Committee's decision on Model Changes, recommended by the Investment Strategist, CIRA will process the trades for those changes.

CIRA does not have any related or supervised person(s) who act as portfolio managers for CAAP®. The Advisor Representative obtains the necessary financial data from the Client and assists the client in setting appropriate investment objectives for his/her CAAP® account(s). The Client, together with his or her Advisor Representative, will use a risk tolerance questionnaire to determine an asset allocation model which will be consistent with his or her risk tolerance, investment objectives, financial resources, personal needs, and reasonable investment limitations. The Client, together with his or her Advisor Representative, will then develop the IPS by selecting a specific portfolio from a group of asset allocation models created by the strategists.

CIRA does not impose a specific review schedule that all Advisor Representatives must follow. Generally the calendar is the main triggering factor for Client reviews. CIRA will generally review accounts quarterly and rebalance annually. Advisor Representatives may conduct more frequent reviews to any account depending on, among other issues,

changes to the Client's financial situation, personal situation, or changes in market conditions. Clients generally will receive an annual letter from Cambridge confirming this personal information.

CIRA will act as the overlay portfolio manager in coordinating the trades in the account. CIRA as the overlay portfolio manager is responsible for rebalancing and monitoring the accounts in accordance with the allocations in the portfolio. CIRA will review an account to determine if rebalancing is appropriate based on the suggested frequencies from the strategists. The choices for frequency of rebalancing review are quarterly (four times per year), semiannually (two times per year) or annually (one per year). At each rebalancing review date, CIRA will rebalance the account only if at least one fund position is outside a pre-determined range, subject to a minimum transaction amount established by CIRA in its discretion.

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

This section is not applicable since CIRA is the portfolio manager for CAAP®.

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

Clients generally will not contact CIRA directly but instead would contact their Advisor Representative for questions, concerns, to update personal information, or obtain account information.

### **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 September 29, 2010.

In August of 2011 CIRA self-reported the misappropriation of financial planning fees by a former IAR. In good faith CIRA returned these misappropriated funds to the affected Clients. As a result the SEC determined that CIRA failed to reasonably supervise the former IAR's financial planning activity and options trading, and to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act. Therefore, without admitting or denying these allegations, CIRA has agreed to a monetary penalty of \$225,000 and the continued retention of a previously hired Compliance Consultant, for a timeframe of nine months, to assist in the continued review and implementation of enhanced procedures and policies designed to prevent violations of the Advisers Act (2016). Additional information can be found by visiting the SEC's Investment Advisor Public Disclosure site found here (<http://www.adviserinfo.sec.gov/IAPD/Default.aspx>) 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," or offshore fund), (2) futures commission merchant, commodity pool operator, or commodity trading advisor, (3) banking or thrift institution, or (4) sponsor or syndicator of limited partnerships.

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

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

Advisor Representatives may be licensed to sell securities in their capacity as Registered Representatives 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, 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 affiliated with TBS and may sell insurance products to 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.

**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 Registered Representatives and outside firms who are members of CPG with 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 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. Typically, Advisor Representatives that own or are affiliated with an independent Investment Adviser may only provide financial planning services through the independent Investment Adviser firm. However, some Advisor Representatives may provide asset management and similar services through the independent Investment Adviser. 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 Representative's 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 CIRA 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 of 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.

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

CIRA has developed several strategies in conjunction with unaffiliated Registered Investment Advisors. The outside Investment Advisor will be paid a portion of the fees charged to the Client. The selected unaffiliated Investment Advisers will act as third party strategists and assist CIRA in the development of model portfolios and asset class allocation, evaluate opportunities and risk, and recommend asset class shifts and money manager changes.

Whenever another Investment Adviser assists with the Client's assets, the outside Investment Adviser and CIRA and its Advisor Representatives will receive a portion of the fees the Client is charged.

### **General Disclosure**

While Advisor Representatives endeavor at all times to put the interests of their Clients first as a part of their 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 Advisor Representatives when making recommendations.

In addition to the economic benefits detailed above, including assistance and services, 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 located at [www.cir-info.com](http://www.cir-info.com) for further information about any of CIRA's revenue sharing arrangements. It is also available upon written request.

Some of CIRA's Advisor Representatives have entered into an Equity Participation Plan ("EPP") with Cambridge. The EPP Program is a stock appreciation rights program. Once a participant's EPP's units are vested and the years of service requirement is met the participant has a right to the appreciation in value of the same number of shares of Cambridge Investment Group Stock as he/she holds in vested EPP's Units.

CIRA Advisor Representatives are not owners or officers of Cambridge. However, CIRA Advisor Representatives are eligible to participate in the EPP due to their affiliation as Registered Representatives of Cambridge or Advisor Representatives of CIRA. This arrangement between these particular CIRA's 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 Advisor Representatives are eligible to participate in the Cambridge Investment Group, Inc. private stock purchase program. Cambridge Investment Group, Inc. is 100% owner of CIRA and its affiliated broker-dealer Cambridge Investment Research, Inc. 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 Advisor Representatives and Cambridge is a potential conflict of interest between CIRA and its Clients in that it may inhibit CIRA's independent judgment.

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

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

### **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 persons' 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 its entirety by written request or at [www.cir-info.com](http://www.cir-info.com).

## **Personal 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. Conflicts of interest may arise when a CIRA supervised person has personal accounts because they can potentially devote more time to monitoring his/her personal accounts as opposed to spending that time reviewing and monitoring 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 CIRA 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 CIRA, its Advisor Representatives, nor its 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 (i.e., spouse, minor children, and adults living in the same household as the associated person), 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 have any direct or indirect influence or control, and (2) transactions in securities that are direct obligations of the U.S. government, bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements or shares issued by registered open-end investment companies.

CIRA recognizes that some securities being considered for purchase or sale on behalf of its Client's trade in sufficiently broad markets without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions 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 CIRA 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 Investment 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 an agency cross transaction only when it is deemed to be in the best interests of both Clients and

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

Where compensation is approved for an agency cross transaction involving advisory Clients, CIRA will provide a written disclosure to the customers that Cambridge will act as broker for, receive compensation from, and have a potential conflicting division of loyalties regarding both parties to the transaction. CIRA will also receive written, executed consent from the Client authorizing CIRA and Cambridge to effect an agency cross transaction in Client 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 ongoing reviews of all accounts for their respective Client accounts. Advisor Representatives are also in charge of selecting and/or recommending strategies and managers within CAAP® to their respective Clients. Therefore, the Client will need to contact his or her Advisor Representative for the most current account information and status.

CIRA does not impose a specific review schedule that all Advisor Representatives must follow. 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 or personal situation, or changes in market conditions. Clients generally will receive an annual letter from Cambridge confirming this personal information.

The Advisor Representative reviews Client accounts to analyze if the account is being managed in accordance with the Client's chosen investment objective, is properly balanced, is being managed according to a specific asset allocation model, and to verify the accuracy of account holdings and fee deductions.

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 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 accounts on a quarterly basis and rebalances annually.

CIRA will review an account for rebalancing in the event that the Strategists changes the allocation targets. CIRA, at the request of the Client or Advisor Representative, performs tax harvesting. In such case, proceeds of tax-related transactions may be held in cash until appropriate wash sale periods have expired. Once the wash sale period has expired, the related proceeds will be invested according to the current targeted allocation for the portfolio. In addition, CIRA may delay placing

rebalancing transactions for non-retirement accounts by a number of days, to be determined by CIRA, in an attempt to limit short-term tax treatment for any position being sold. Under certain conditions, CIRA also will accommodate requests for all or a portion of an account to remain in allocated to cash for a short period of time. Such customized requests, liquidation requests in connection with withdrawals, and changes to the portfolio or investment objective selected may take up to 3 business days to process, and, in certain circumstances, may take longer.

### **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 the account custodian.

CIRA urges Clients to review the contents of these custodial statements and compare them against the reports provided directly from CIRA or Advisor Representatives.

CIRA offers optional performance reporting solutions to its Advisor Representatives who utilize CAAP®.

Some clearing firms used by CIRA, to effect transactions in CAAP® accounts, may have the ability to suppress receipt of individual trade confirmations. Clients who have previously approved suppression of receipt of individual trade confirmations by signing the Confirmation Suppress Request, included in the CAAP® Agreement and Application, may receive this capability in the future if offered by additional clearing firms. Currently, Pershing offers this trade suppression and all trade confirmation information will be provided by Pershing on the Client Brokerage Statement.

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

### **Other Compensation**

CIRA Advisor Representatives, in their separate capacities as Registered Representatives of Cambridge, may receive commissions from the execution of securities transactions. Although not shared with CIRA Advisor Representatives, CIRA's affiliated broker-dealer, Cambridge, receives a portion of the ticket charges for non-wrap accounts managed by CIRA and held at NFS or Pershing. In addition, Advisor Representatives 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 CIRA Advisor Representatives 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 management 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 the CAAP® program, or when more assets are held through the Investment Management Platform. Benefits could include, but are not limited to, reduced technology, conference assistance, reduced platform and E&O fees. In some cases Advisor Representatives may qualify for the CAAP® Bonus Program in which they receive additional compensation based on assets held in CAAP®. This could cause a potential conflict of interest when recommending the use of CAAP®,

While CIRA and Advisor Representatives 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 Representatives when making recommendations or offering services of its affiliated broker-dealer, Cambridge, such as a non-wrap account held by NFS or Pershing.

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.

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

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

CIRA 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. Generally, Advisor Representatives not affiliated thru CIRA are working under this scenario.

CIRA’s referral program is 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 Client with a copy of the CAAP® Wrap Brochure and a Solicitor Disclosure Document, at the time of solicitation. 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 or 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.

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.

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

- Are not insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund, 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;
- 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. CIRA does not allow, require, or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance. Therefore, CIRA is not required to include a balance sheet for its most recent fiscal year. Neither CIRA nor our affiliated companies are subject to a financial condition that is

reasonably likely to impair our ability to meet contractual commitments to Clients. Finally, we have not been the subject of a bankruptcy petition at any time.

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

CIRA is a federally registered Investment Adviser; therefore, this section does not apply.