

**Item 1 - Cover Page**

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Date of Brochure: June, 2012

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

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

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

## **Item 2 – Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC rules. The amendment requires Cambridge Investment Research Advisors, Inc. (CIRA) to provide a summary of material changes to you, our client, within 120 days of our year end which is December 31<sup>st</sup>. This document includes the material changes that were made to CIRA’s ADV 2A – Firm Brochure throughout the 2011 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).

## **Item 4 – Advisory Business**

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

Our Advisor Representatives may provide asset management services through both wrap-fee programs and traditional management programs. Under a wrap-fee program, advisory services and transaction services are provided for one fee under our traditional management programs, there are two separate types of fees. We charge a management fee for our advisory services, and another fee (“ticket charge”) is charged for each transaction (i.e., buy/sell/exchange) by our affiliated introducing broker/dealer, Cambridge Investment Research, Inc. (“Cambridge”) for accounts held at National Financial Services, Pershing or the qualified custodian, if the account is held elsewhere.

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

## **Item 5 – Fees and Compensation**

### **A. Financial Planning**

Fees are due upon client’s receipt of an invoice from the CIRA Advisor Representative. If you like, you may authorize fee payment from either a Cambridge brokerage account or from your checking or savings account to pay for financial planning services.

## **3. Cambridge Asset Allocation Platform**

Client and Adviser or CIRA Advisor Representative will select National Financial Services (“NFS”), Pershing, LLC (“Pershing”) or Marshall & Ilsley Trust Company N.A (“M&I”) as the qualified custodian for all CAAP accounts. Below is a typical fee schedule for these types of accounts:

- The maximum annual advisory fee for CAAP accounts is 2.15%.
- The maximum annual management fee schedule for 403(b)(7) CAAP accounts at M&I is the first \$250,000 is 2.10%; Next \$250,000 is 1.90% of the first tier fee; Next \$500,000 is 1.80% of the first tier fee; Above \$1,000,000 is 1.65% of the first tier fee.

In addition to the annual advisory 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.

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

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

For non-wrap accounts managed by us and held by NFS or Pershing, our affiliated broker/dealer, Cambridge, acts as the introducing broker for transactions in these accounts and will be paid a ticket charge for each transaction out of your non-wrap accounts. Cambridge essentially pays a portion of each ticket charge to the clearing firm, NFS or Pershing, and keeps the remaining portion of the ticket charge paid by you. Although this retained revenue from the ticket charge is not retained by the CIRA Advisor

Representative servicing your account, this could be a conflict of interest for us. For information on additional fees regarding these ticket charges, please refer to Item 5.C.1 of this Brochure.

### **Item 12 – Brokerage Practices**

Cambridge, an affiliated broker/dealer, may act as broker for transactions in some accounts and will be paid a ticket charge and/or commission for each transaction out of your non-wrap accounts held at NFS or Pershing. Cambridge essentially pays a portion of each ticket charge to the clearing firm, NFS or Pershing, and keeps the remaining portion of the ticket charge paid by you. This compensation received by Cambridge is not shared with the CIRA Advisor Representative providing services to client accounts. CIRA acknowledges that the receipt of ticket charge revenue by its affiliate Cambridge could be a conflict of interest. In the interest of ensuring that trading activity in an advisory account is in the best interest of advisory clients, Cambridge Investment Research Advisors, Inc. monitors the amount of trading activity, the corresponding amount of ticket charges paid from its advisory accounts and best execution as described in Item 12.

In certain circumstances, product sponsors or custodians may provide Cambridge as the RIA or an investment advisor representative with additional revenue sharing or expense reimbursements to aid in the transfer costs. In most cases, this additional compensation is passed on to the IAR who may, in turn, use it to assist with expenses or to reimburse their client for costs incurred during a transfer.

### **Item 13 – Review of Accounts**

#### **Client Reports and Statements**

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.

### **Item 14 – 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 ticket charges for non-wrap accounts managed by CIRA and held at NFS or Pershing. In addition, CIRA 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, CIRA 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 CIRA Advisor Representatives in their individual capacities as Registered Representatives of Cambridge.

You can always receive 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).

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## Item 4 – Advisory Business

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

Our firm is majority owned and controlled by Cambridge Investment Group, Inc., which in turn is majority owned by the Mary Sue Schwartz Revocable Trust and the Eric Schwartz Revocable Trust.

### **Introduction**

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

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

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

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

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

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

The following are brief descriptions of the primary services that our Advisor Representatives may provide. A detailed description of each service available through CIRA is provided in Item 5 – Fees and Compensation - so that you can review the services and description of fees in a side-by-side manner.

***Financial Planning.*** Our Advisor Representatives may provide advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focus on a client’s overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to

find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Asset Management.** Our Advisor Representatives may provide advisory services in the form of asset management services. Asset management services involve providing clients with continuous and on-going supervision over client accounts. This means that CIRA Advisor Representatives continuously monitor a client's account and make trades in client accounts when necessary.

**Use of Third Party Money Managers.** Our Advisor Representatives may provide advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisers. Third-party money managers are responsible for continuously monitoring client accounts and making trades client accounts when necessary.

**Specialization.** Investment strategies and philosophies differ among CIRA Advisor Representatives who are responsible for determining and implementing their own investment advice under the supervision and compliance controls of CIRA and Cambridge. While CIRA does not consider itself as specializing in any one form of advisory service, CIRA Advisor Representatives may focus or specialize on certain types of advisory services over other types. The following are some of the general areas our Advisor Representatives may focus upon. Further descriptions are outlined in Item 5 – Fees and Compensation

- Financial planning
- Investment Management
- Investment Consulting Services
- Recommendations of Third Party Money Managers

**Limits Advice to Certain Types of Investments.** With some exceptions, our Advisor Representatives are available to offer advice on most types of investments owned by a client and, at the specific request of a client, will explore investment options not currently owned by a client. However, our Advisor Representatives are not permitted to provide advice on futures or commodity contracts. We also require that Third Party Managers used by CIRA Advisor Representatives be approved by both Cambridge and CIRA. If your Advisor Representative does not hold a Series 7 license with Cambridge and holds only the Series 6, your Advisor Representative will be restricted to providing advice on only Investment Company Products (such as mutual funds) and variable annuity contracts.

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

CIRA may provide investment advisory services to retirement plans, which may consist of services offered through Cambridge Investment Management Platform, Investment Management through Institutional RIAs or through general consulting services. The Advisor Representative and Plan Sponsor will outline the services provided through the CIRA Retirement Plan Investment Advisory Agreement. The services that may be provided, among others that may be outlined specifically in the agreement are summarized below.

**A. Description of Non-Discretionary Investment Advisory Services** - The following non-discretionary investment advisory services may be provided by CIRA acting as a fiduciary within the meaning of section 3(21) (B) (ii) of ERISA, if the Plan is subject to ERISA.

- a) Recommendations to establish or revise the plan's Investment Policy Statement ("IPS"):  
IAR will review with the Plan Fiduciary the investment objectives, risk tolerance and goals of the Plan. If the Plan does not have an IPS, the IAR will recommend investment policies to assist the Plan Fiduciary to establish an appropriate IPS. If the Plan has an existing IPS, IAR will review it for consistency with the Plan's objectives. If the IPS does not represent the objectives of the Plan

IAR will recommend to the Plan Fiduciary revisions that will establish investment policies that are congruent with the Plan's objectives.

- b) Recommendations to select and monitor the Designated Investment Alternatives ("DIAS"):  
Based on the Plan's IPS or other guidelines established by the Plan, IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary to select the Designated Investment Alternatives ("DIAs") to be offered to Plan participants. Once the Plan Fiduciary selects the DIAs, IAR will, on a quarterly basis and/or upon reasonable request, provide reports, information and recommendations to assist the Plan Fiduciary to monitor the investments. If the IPS criteria require an investment to be removed, IAR will provide information, analysis and recommendations to the Plan Fiduciary to help evaluate replacing investment alternatives.
- c) Recommendations to select and monitor qualified default investment alternatives ("QDIA"):  
Based on the Plan's IPS or other guidelines established by the Plan, IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary to select the Plan's QDIA(s) for Plan participants that fail to direct the investment of their accounts. Once the Plan Fiduciary selects the QDIAs, IAR will provide reports, information and recommendations, on a quarterly or upon reasonably requested basis, to assist the Plan Fiduciary to monitor the investments. If the IPS criteria require an investment to be removed, IAR will provide information and analysis to assist the Plan Fiduciary to evaluate replacement investment alternatives.
- d) Recommendations to allocate and rebalance model asset allocation portfolios:  
Based on the Plan's IPS or other investment guidelines established by the Plan, the IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary to create and maintain Model Portfolios. Once the Plan Fiduciary approves the Model Portfolios, the IAR will provide reports information and recommendations, on a periodic basis, designed to assist the Plan Fiduciary to monitor the Plan's investments. If the IPS criteria require an investment to be removed, the IAR will provide information and analysis to assist the Plan Fiduciary to evaluate replacement investment alternatives to be included in the Model Portfolios. Upon reasonable request the IAR will make recommendations to the Plan Fiduciary to rebalance the Model Portfolios to maintain their desired allocations.
- e) Recommendations to select and monitor investment managers:  
Based on the Plan's IPS or other guidelines established by the Plan, IAR will review the potential investment managers available to the Plan and will make recommendations to assist the Plan Fiduciary to select one or more investment managers. Once the Plan Fiduciary approves the investment manager, IAR will provide, on a periodic basis, reports, information and recommendations to assist the Plan Fiduciary to monitor the Plan's investment managers. If the IPS criteria require an investment manager to be removed, IAR will provide information and analysis to assist the Plan Fiduciary to evaluate replacement investment managers.

**B. Description of Non-fiduciary Services** - The following investment education services may be provided by CIRA acting in a non-fiduciary capacity:

- a) Assistance with Plan Fiduciaries' Governance and Committee Review, Including:
  - a. Determining Plan Objectives and Plan Design Options
  - b. Reviewing Retirement Plan Committee Structure and Requirements
  - c. Reviewing Participant Education and Communication Strategy, Including ERISA 404(c) Requirements
  - d. Coordinating and Reconciling Participant Disclosures under ERISA Rule 404(a)(5) and Developing Requirements for Responding to Participant Requests for Additional Information
  - e. Developing and Maintaining a Fiduciary Audit File
  - f. Attending Periodic Meetings with Plan Fiduciary (Upon Request by Plan Fiduciary)



- b) Assistance with Plan Fiduciaries' Vendor Management (Service Provider Selection/Review), Including:
  - a. Reviewing Fees and Services and Identifying Procedures to Track the Receipt and Evaluation of ERISA 408(b)(2) Disclosures
  - b. Providing Periodic Benchmarking of Fees and Services to Assist Review for Reasonableness
  - c. Reviewing ERISA Spending Accounts or Plan Expense Recapture Accounts (PERAs)
  - d. Generating and Evaluating Service Provider Requests for Proposals (RFPs) and or Requests for Information (RFIs)
  - e. Support with Contract Negotiations
  - f. Service Provider Transition and/or Plan Conversion
- c) Investment Education for Plan Fiduciaries Concerning:
  - a. Investment Policy Statements
  - b. Assessment of Overall Investment Structure of Plan (i.e., types and number of asset classes, model portfolios, etc.)
  - c. Review of the Plan's Investment Options
  - d. Review of Qualified Designated Investment Alternatives (QDIA)
  - e. Search and Review of Investment Managers

**C. Description of Plan Participant Non-Fiduciary Services** - the following investment education services may be provided by CIRA acting in a non-fiduciary capacity to plan participants:

- a) Providing Group Enrollment and Investment Education Meetings
- b) Providing Fee Specific Education and Communicate the Plan's Requirements for Requesting Additional Information about Plan Fees and Expenses
- c) Supporting Individual Participant Questions
- d) Providing Periodic Updates, Upon Request of Through Newsletter
- e) Assisting Participants with Retirement Readiness

**D. Description of Discretionary Investment Management Services** - In certain circumstances, services may be provided by CIRA acting as a fiduciary within the meaning of section 3(38) of ERISA, if the Plan is subject to ERISA.

- a) Initial Selection and Ongoing Monitoring of the Plan's Designated Investments:
- b) IAR will review the plan's investment objectives, risk tolerance and goals with the plan committee. If the plan does not have an IPS, IAR will recommend investment policies to assist the plan committee with establishing investment objectives. If the plan has an existing IPS, IAR will review it for consistency with the plan's objectives and recommend revisions to the plan committee to establish investment policies that are congruent with the plan's objectives.
- c) Adviser will review the investment options available to the Plan and will utilize qualitative and quantitative analysis to provide Sponsor with recommendations regarding the Plan's Designated Investments that meet the criteria set forth in the stated investment objectives.
- d) Once IAR's initial recommendations have been implemented, IAR will monitor the Designated Investments and will instruct the Platform Provider directly to remove and replace investments that no longer meet the IPS criteria or investment objective criteria. IAR will communicate any changes to Sponsor reasonably in advance of the proposed change. Sponsor understands that declining any of IAR's recommendations may cause the Services under this Agreement to terminate.
- e) IAR will not be responsible for selection or monitoring, and will not make any recommendations to retain or remove, employer stock or investment options beyond the Designated Investments (i.e., stable value funds, target date portfolios, mutual fund or brokerage windows, guaranteed investment contracts, unallocated accounts, etc.). For plans that have existing unallocated accounts, those accounts will be mapped to the plan's money market fund.
- f) Qualified Default Investment Alternative Management:

- a. If the Plan has an existing QDIA, IAR will map those participant accounts to IAR's Moderate Model Portfolio and will serve as the Plan's QDIA Manager with respect to participant accounts that are automatically defaulted into the Model Portfolios pursuant to ERISA Section 404(c)(5). For new plans or those that did not previously designate a QDIA, Sponsor authorizes IAR to designate its Moderate Model Portfolio as the Plan's QDIA, and any participant who fails to direct the investment of their accounts will automatically be invested in the Moderate Model Portfolio. Sponsor, however, retains the sole responsibility to provide all notices to participants as required under ERISA Section 404(c), including 404(c)(5).
- g) Creation and Maintenance of Model Asset Allocation Portfolios ("Model Portfolios"):
  - a. CIRA will create risk-based Model Portfolios to be offered to Plan participants through the Platform Provider's platform.
  - b. The Portfolios will be constructed so as to achieve varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed income exposures offered through investment alternatives available through the Plan. IAR will diversify, reallocate and rebalance the Model Portfolios and associated risk levels over time in accordance with generally accepted investment theories and in compliance with the Plan's IPS. IAR may make changes to the underlying investments and/or the asset allocation percentages of the Model Portfolios and will communicate such instructions directly to the Platform Provider. IAR will communicate any changes to Sponsor reasonably in advance of the proposed change.

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

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

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

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

Our Advisor Representatives may provide asset management services through both wrap-fee programs and traditional management programs. Under a wrap-fee program, advisory services and transaction services are provided for one fee. Under our traditional management programs, there are two separate types of fees. We charge a management fee for our advisory services, and another fee ("ticket charge") is charged for each transaction (i.e., buy/sell/exchange) by our affiliated introducing broker-dealer, Cambridge Investment Research, Inc. ("Cambridge") for accounts held at National Financial Services, Pershing or the qualified custodian, if the account is held elsewhere.

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

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

The amount of clients assets managed by CIRA totaled \$20,892,307,350 as of December 31, 2011. \$11,088,574,953 is managed on a discretionary basis and \$8,615,447,382 is managed on a non-discretionary basis.

### **Business Continuity Plan**

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

## **Item 5 – Fees and Compensation**

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

### **Financial Planning Services**

If you decide to sign up for financial planning services you will be required to execute a Financial Planning Engagement. Upon execution of the engagement, your CIRA Advisor Representative will provide investment advisory services in the form of written financial planning and consulting services.

Financial planning services may take into consideration your objectives, overall financial situation, personal and financial goals, risk tolerance and objectives, risks that you are willing to undertake, investment knowledge, net worth, income, age, projected retirement, unusual or material funding requirements, inheritance possibilities, pensions, social security, children/relative funding issues, estate issues, and living expenses expressed in today's dollars requested for retirement.

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

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

- **Negotiation of the Purchase of Substantial Assets (I.E. Home, Auto, Vacation Residence, Etc.)**

Our Advisor Representatives will generally provide one of three basic types of financial planning services as follows:

1. **Full Financial Plan Fee:** This service provides for the creation of a holistic written financial plan.
2. **Review and Update Financial Plan Fee:** This service provides for ongoing review of and/or updates to a written financial plan on either a quarterly, semi-annual or annual basis.
3. **Limited Scope Planning Services Fee:** This service provides for limited scope services that focus on one or more separate specific areas but do not involve the creation of a full financial plan.

In addition to providing written financial plans, CIRA Advisor Representatives can provide financial planning consultation services. Consultation services are provided focusing on your specific areas of concern. These services can also include retirement plan consulting services provided to a plan sponsor or to an individual client wanting advice on how their plan investments should be allocated. CIRA Advisor Representatives may also provide financial planning services to business entities and groups requesting educational services and financial planning seminars or individual consulting and planning services to be provided to employees or members. If individual planning or consulting services will be provided, each participating employee or member will be required to execute a separate agreement with CIRA.

CIRA Advisor Representatives are allowed to provide financial planning seminars. Such services are provided on an impersonal basis, which means topics covered are general in nature and do not purport to focus on the individual needs of the seminar participants. Topics covered in a seminar may include the items listed above. Generally, CIRA Advisor Representative seminars are conducted at no cost to the attendees. However, CIRA Advisor Representatives may charge a fee for seminars. When fees of at least \$500/per attendee or client are charged for a seminar, each attendee of the seminar will be provided a copy of this Disclosure Brochure.

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

Hourly Financial Planning

- **Fixed Fee Services** – The fixed fee will vary depending on a variety of factors, depending on the scope of services provided, complexity of the process undertaken, the types of issues addressed and the frequency with which the services are rendered. Fees charged for financial planning services on a fixed basis generally do not exceed \$25,000.
- **Hourly Financial Consulting** – Client may retain an Investment Advisor Representative to provide financial consulting services. CIRA Advisor Representatives are generally not allowed to charge more than \$500 on an hourly basis.
- **Asset Based Fee Agreement** – Clients may retain Investment Advisor Representative to provide financial consulting services based on assets held outside of CIRA. The fee for such services will

be a percentage of all assets being managed by the Investment Advisor Representative. The total fee may not exceed 2.25% of the assets.

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

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

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

You will generally receive your financial plan within 90 days of entering into a financial planning contract, provided that all information needed to prepare the Financial Plan has been promptly provided by the client.

Fees are due upon client's receipt of an invoice from the CIRA Advisor Representative. If you like, you may authorize fee payment from either a Cambridge brokerage account or from your checking or savings account to pay for financial planning services.

### **Investment Consulting Services**

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

If you decide to sign up for this service, your selected accounts will be reviewed based upon your specific needs and desires for future financial goals and/or objectives. General or specific recommendations will be provided by your CIRA Advisor Representative. This service is intended for continuous and regular consultations provided on a quarterly or more frequent basis.

Fees can be paid in a variety of options determined between yourself and your CIRA Advisor Representative. The fee arrangement should be expressed on the appropriate CIRA Agreement.

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

- **Hourly Financial Consulting** – Client may retain an Investment Advisor Representative to provide financial consulting services. CIRA Advisor Representatives are generally not allowed to charge more than \$500 on an hourly basis.
- **Asset Based Fee Agreement** – Clients may retain Investment Advisor Representative to provide financial consulting services based on assets held outside of CIRA. The fee for such services will be a percentage of all assets being managed by the Investment Advisor Representative. The total fee may not exceed 2.25% annually of the assets under management. Fees for on-going consultation services are due upon receipt of a billing statement from CIRA or your CIRA Advisor Representative. The exact fee you will be charged is contingent upon the nature and complexity of your overall financial circumstances.

The annual fee will be divided and billed on either a monthly or quarterly basis. Fees may be charged in advance or in arrears depending on the specific arrangement.

Clients may incur certain charges imposed by third parties other than CIRA in connection with investments recommended through consulting arrangements, including but not limited to, mutual fund and custodial fees. Consulting fees charged by CIRA are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

### **Investment Management Services**

Investment management services may be provided through one or more of the following platforms: (1) Investment Management through Cambridge; (2) Investment Management through Institutional RIA Trading Platforms; (3) Cambridge Asset Allocation Platform; (4) Investment Management through Multi-Manager Platforms; (5) Third Party Manager Consulting; and (6) CIRA Sub-Advisor Program.

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

Clients should discuss with their Advisor Representative the costs and benefits of each clearing platform and then select the clearing firm that the client believes best supports their investment goals and style and provides the most cost effective means of executing their investment strategy.

#### ***1. Cambridge Investment Management Platform***

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

Cambridge accounts will be cleared and custodied at National Financial Services, LLC ("NFS") or Pershing, LLC ("Pershing"). The decision to use NFS or Pershing is made by the CIRA Advisor

Representative. Generally, a CIRA Advisor Representative will use one of the custodians and not the other. However, depending on the client's needs, only one of the custodians may be a viable option. For example, one custodian may be recommended when a client is in need of an individual 401(k) account because the custodian offers active management of 401(k) accounts on a platform that may not be currently available on the other custodian's platform. Cambridge serves as the introducing broker/dealer for all accounts through this investment management platform and clears securities transactions on a fully disclosed basis through NFS and Pershing.

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

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

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

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

- Depending on the complexity and structure of the investment management strategy selected by client, CIRA may assess a one-time non-refundable set-up fee, which may be the lesser of one percent (1%) or \$1,000.00.
- The combined set-up fee and first year's account fee may not exceed 3% of assets under management.
- Set-up Fees (described above), if applicable, are a non-refundable one-time charge intended to cover such services as initial portfolio review and analysis, evaluation of a client's personal and financial goals, risk tolerance, investment objectives, product research, selection of an appropriate investment management strategy and completion by the client's CIRA Advisor Representative of the documents required by CIRA to establish a particular account.

The exact fee and payment arrangement shall be agreed to with the client and CIRA Advisor Representative prior to commencing services and stated in the CIRA Agreement for Investment Management Services ("AIMS").

Fees are typically deducted directly from client accounts. Clients must provide the custodian with written authorization to have fees deducted from the account and paid to CIRA. The custodian will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It is CIRA and client's responsibility to verify the

accuracy of fee calculations and the qualified custodian will not determine whether the fee has been properly calculated. Upon approval from CIRA, clients may pay fees via direct invoice. For clients paying via invoice, fees shall be due upon client's receipt of the invoice.

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

Management fees charged by CIRA which may or may not include transaction ticket fees charged by Cambridge, NFS or Pershing are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus. CIRA's Advisor Representatives, in their separate capacity as Registered Representatives of Cambridge, and acting in full compliance with the Cambridge and CIRA compliance policies and procedures, may retain a portion of the commissions charged to the client. These commissions may include mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. When managing ERISA and qualified accounts, the CIRA Advisor Representative must lower or offset the management fee by the amount of 12b-1 fees and other commissions received in the event such types of commissions are received by the CIRA Advisor Representative in his/her individual capacity as a Registered Representative of Cambridge.

## ***2. Investment Management through Institutional RIA Platforms***

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

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

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

The annual fee for accounts managed through the Institutional RIA Platform is based on the amount of assets under management. The annual fee is negotiable and is subject to discounts on a CIRA Advisor



Representative-by-CIRA Advisor Representative or account-by-account basis. These discounts may be a consideration for the CIRA Advisor Representative when choosing a platform to recommend.

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

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

- Depending on the complexity and structure of the investment management strategy selected by client, CIRA may assess a one-time non-refundable set-up fee, which may be the lesser of one percent (1%) or \$1,000.00.
- The combined set-up fee and first year's account fee may not exceed 3% of assets under management.
- Set-up Fees (described above), if applicable, are a non-refundable one-time charge intended to cover such services as initial portfolio review and analysis, evaluation of a client's personal and financial goals, risk tolerance, investment objectives, product research, selection of an appropriate investment management strategy and completion by the client's Advisor Representative of the documents required by CIRA to establish a particular account.

The exact fee and payment arrangement shall be agreed by you and your CIRA Advisor Representative prior to commencing services and stated in the agreement for services.

Trading, brokerage and custodial fees charged by the client's third party broker-dealer and custodian are separate from management fees charged by CIRA. In addition, clients may incur certain charges imposed by third parties other than CIRA in connection with investments made through a Cambridge account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees. Management fees charged by CIRA are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus. Because CIRA Advisor Representatives are not acting in their capacity as Cambridge Registered Representatives through this platform, CIRA and Cambridge do not retain any portion of the fees and expenses described in this paragraph.

### **3. Cambridge Asset Allocation Platform**

CIRA sponsors a wrap fee platform known as the Cambridge Asset Allocation Platform ("CAAP®"). CAAP is recommended to clients through CIRA's Advisor Representatives and through individuals and entities that are independently and/or individually registered as Investment Advisers (collectively referred to herein as "Adviser"). CAAP offers Advisers and CIRA Advisor Representatives the ability to select one or more of the CAAP strategies (described in the CAAP Wrap Fee Brochure). Using risk tolerance information provided by the client, the Adviser or CIRA Advisor Representative will recommend a portfolio based on one of several asset allocation models designed to meet the individual client's financial needs, investment objectives, time horizon, and risk tolerance. Portfolios comprised of load-waived mutual funds, no-load mutual funds, exchange traded funds ("ETF") (referred to collectively as either "Fund" or "Funds"), are selected through a comprehensive due diligence process by consultants selected by, but not affiliated with, CIRA. Consultants who are registered Investment Advisers select Funds 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.

Client and Adviser or CIRA Advisor Representative will select National Financial Services ("NFS"), Pershing, LLC ("Pershing") or Marshall & Ilsley Trust Company N.A ("M&I") as the qualified custodian for all CAAP accounts. Below is a typical fee schedule for these types of accounts:

- The maximum annual advisory fee for CAAP accounts is 2.15%.
- The maximum annual management fee schedule for 403(b)(7) CAAP accounts at M&I is the first \$250,000 is 2.10%; Next \$250,000 is 1.90% of the first tier fee; Next \$500,000 is 1.80% of the first tier fee; Above \$1,000,000 is 1.65% of the first tier fee.

In addition to the annual advisory 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.

All account fees and platform fees are negotiable and subject to discounts on an Adviser/ Advisor Representative-by-Adviser/ Advisor Representative or account-by-account basis. These discounts may be a consideration for the Adviser/ Advisor Representative when choosing a platform to recommend. A trading and processing fee or annual maintenance fee may also be assessed to CAAP accounts. These fees are detailed in the CAAP Wrap Fee Brochure. The account fee is a maximum combined fee charged to client and shared by the Adviser and Advisor Representative.

Within CAAP, CIRA has arrangements with Litman/Gregory Asset Management, LLC, The Vanguard Group, John Hancock, The Institute for Wealth Management, Rogerscasey, Symmetry Partners, and Russell Investment Group ("Consultants") to provide consulting services in connection with the creation of asset allocation models and the selection of portfolios of funds, taking into consideration the client's investment objectives, financial situations, risk tolerance, and reasonable investment guidelines established by the client. Consultants and/or portfolio strategists may select their own proprietary funds to be held in client's portfolio. This creates a conflict of interest in that Consultants will receive separate and customary income when proprietary funds are selected for client's portfolio.

CAAP portfolios consist almost exclusively of load-waived and no-load funds that are included within the Pershing FUNDVEST® and NFS' FUNDSNETWORK® programs. Through these programs and others, such as, Russell, and M&I, the custodians do provide additional compensation (not to exceed 30 bps) to CIRA on the basis of total assets under management for distribution, marketing expenses, and operational expenses.

The preceding information is intended to provide a summary of CAAP. A full and complete description of CAAP is provided in the CAAP Wrap Fee Brochure. All investors participating in CAAP will be provided with, and should review, the CAAP Wrap Fee Brochure prior to investing.

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

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

With the guidance of CIRA and the CIRA Advisor Representative, Plan Sponsors select a strategy from Litman/Gregory Asset Management, LLC, Russell Funds or Symmetry Partners ("Strategists") for use by its Participants. Participants may elect to direct their own investments, or Participants have the option to elect to subscribe to a strategy with respect to the Participant's assets held by the Plan. Participants who elect to subscribe to one of the strategies are required to complete a risk tolerance questionnaire and receive a risk tolerance score. The risk tolerance score is used by CIRA to recommend a portfolio under the Retirement Plan Strategies.

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

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

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

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

A 25-basis points (0.25%) Modeling fee will be debited to Participants who select a strategy from Litman/Gregory or Russell Investments. A 35-basis points (0.35%) Modeling fee will be debited to Participants who select a Strategy from Symmetry Partners. The Modeling Fee will not be debited to Participants who select to direct their own investments. The annual fee will be divided and billed on either a monthly or quarterly basis. Fees may be charged in advance or in arrears depending on the specific arrangement.

All investment advisory fees paid to CIRA for Services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual fund's prospectus. These mutual fund fees will generally include a management fee, other fund expenses and a possible distribution fee. If the fund also imposes sales charges, the client may pay initial or deferred sales charges.

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

All investment advisory fees paid to CIRA for services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual fund's prospectus. A Modeling Fee will be debited to Participants who select to subscribe to a Retirement Plan Strategies Management Strategy

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

CIRA Advisor Representatives may provide retirement plan advisory and consulting services as described in Item 4. The fees, services and fiduciary status of such services will be outlined and described through the CIRA Retirement Plan Consulting Agreement (RPCA) or CIRA Retirement Plan Investment Management Agreement ("RPIMA"). CIRA will share at least 85% of the fee charged to the client with the IAR based on the agreement between CIRA and the IAR. The fee for services may be based on a percentage of the assets held in the Plan (up to 2.25% annually), on an hourly basis (up to \$500 per hour), or on a flat rate basis, as negotiated between the Plan and the IAR. The fee will be payable to CIRA in advance or in arrears on the frequency (e.g., quarterly, monthly, etc.) agreed upon among the client, the IAR, and CIRA. If asset based fees are negotiated, the fee payment generally will be based on the value of the Plan assets as of the close of business on the last business day of the period as valued

by the custodian of the assets. However, if the fee is paid by the Plan or the client through a third party service provider, such fee will be calculated as determined by the provider. If the fee is paid prior to the services being provided, the Plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement among the client, CIRA and the IAR.

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

If a client engages CIRA and IAR to provide ongoing investment recommendations to the Plan regarding the investment options (e.g., mutual funds, collective investment funds) to be made available to Plan participants, clients should understand that there generally will be two layers of fees with respect to such assets. The Plan will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. The client also will pay CIRA and IAR the fee as agreed to on the RPCA or RPIMA for the investment recommendation services. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of CIRA and IAR and by making their own decisions regarding the investment.

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

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

Clients who pay the fee by check should make it payable to Cambridge Investment Research, Inc. Alternatively, clients also may instruct a Plan's service provider or custodian to calculate and debit the fee from the Plan's account at the custodian and pay such fee to Cambridge.

## **6. Multi-Manager Platforms**

CIRA Advisor Representatives may provide asset allocation advice through various outside third party management programs based on the client's individual personal and financial goals, investment objectives, and risk tolerance. Dependent on the individual agreements with the program sponsors and based on information provided by the client, the CIRA Advisor Representative will assist the client in selecting a suitable investment portfolio and asset allocation strategy that will be used by the program sponsor to properly allocate the client's assets in the investment portfolio. The CIRA Advisor Representative will provide initial and ongoing client education concerning the asset allocation strategy selected by the client, explain the rebalancing guidelines utilized with the investment allocation strategy selected, and meet with the client periodically to discuss changes in the client's investment objectives and risk tolerance, the specific asset allocations within each portfolio, and also rebalances the portfolios periodically. The program sponsor may also change periodically the relative allocations among mutual funds in the portfolios.

CIRA Advisor Representatives may also recommend Separately Managed Account Programs (SMA) offered by outside Investment Advisers. These programs provide CIRA Advisor Representatives with access to programs that specialize in separate account management, private account management, and

timing and multi-disciplined account services. Program sponsors provide full-time professional investment management by quality investment managers. The client's CIRA Advisor Representative will assist the client to select the manager(s) most aligned with client's investment style based on the client's individual personal and financial goals, investment objectives, and risk tolerance. A SMA account portfolio is a customized portfolio that may consist of stocks and/or bonds and cash that is guided by a professional investment manager. The manager buys and sells stock and/or bonds on the client's behalf. Because clients directly own the securities within their account, clients have the option to specify investment restrictions (e.g., no alcohol or tobacco stocks), and may request tax-loss selling. Typically, one all-inclusive fee arrangement covers all the services provided by the SMA. A portion of the SMA's annualized fee based on the total value of client's portfolio is charged quarterly to client's account and shared with CIRA and the client's CIRA Advisor Representative.

The Third Party Manager Platform sponsor will generally determine the minimum investment amount for client participation. If not established by the program sponsor, CIRA suggests that clients invest at least \$25,000 in the portfolio management service. CIRA may accept accounts with less than \$25,000 in assets if CIRA believes that, based on information provided by the client to CIRA Advisor Representative, investing a lower amount is appropriate for the client and is acceptable to the program sponsor.

CIRA charges clients who participate in these services a fee based on a percentage of the value of the client's assets subject to these services. The maximum fee for services provided by CIRA may not exceed 2.25%. Fees are negotiable, so clients should discuss with their CIRA Advisor Representative the fee appropriate for their individual services. Additional fees for third party and separately managed accounts may be determined by the Third Party Manager Platform sponsor. Fees charged to client by the sponsor may be shared with CIRA and the client's CIRA Advisor Representative. The Fee is separate from and may not include custodial charges, transaction charges, contingent deferred sales charges on funds purchased prior to their participation in the account, debit balances or related margin interest, or other costs imposed by third parties. CIRA Advisor Representatives will provide you, the client, with the respective Third Party Manager Platform sponsor's disclosure brochure(s). We strongly suggest that as the client you review these materials to familiarize yourself with the Third Party Manager Platform chosen.

The following is specific information regarding some of the more commonly used Third Party Manager Platforms by Advisor Representatives of CIRA.

### I. SEI Program

The SEI Asset Management Program (SEI Program) is an institutional asset allocation program offered by SEI Investments for use by CIRA Advisor Representatives in the management of their client's account assets. The SEI Program uses asset allocation portfolios developed by SEI Investments. CIRA Advisor Representatives will provide SEI Trust Company (SEI) with the portfolios they select for their clients' accounts. CIRA Advisor Representatives will direct SEI to rebalance client accounts at least quarterly. SEI will change the reallocation of the investments within the SEI Program client accounts in accordance with the client's asset allocation policy. In addition, CIRA Advisor Representatives may have discretion to rebalance client portfolios or make allocation changes directly in the SEI accounts. Custody of all SEI Program client account assets is held at SEI. Clients contracting for this service will receive a copy of the SEI Program Schedule H-Wrap Fee Program or similar disclosure brochure.

### II. Genworth Financial Wealth Management Program

CIRA has entered into a contract with Genworth Financial Wealth Management ("Genworth") an SEC registered Investment Adviser firm, to provide services through the Genworth Program. The Genworth Program has two components from which clients may select. Under both components, CIRA Advisor Representatives have no discretionary authority.

The first component includes the Mutual Fund and ETF Programs. Through these programs, CIRA will provide advice to clients with respect to the selection of allocation models provided by a group of

independent investment strategists. The independent investment strategists have no direct relationship with CIRA or client, make no analysis of the clients' circumstances or objectives, and do not tailor the models to any specific client's need. The second component is the Privately Managed Account Program. For Accounts invested in this program, CIRA will provide non-discretionary advice to clients with respect to the selection of independent investment managers to provide investment management services. The independent investment managers will provide discretionary management of individual portfolios of equity and/or fixed income securities.

The minimum investment required in the Genworth Program is generally \$50,000 for Mutual Funds and \$100,000 for ETFs and Privately Managed Accounts. Accounts below these minimums may be accepted on an individual basis at the discretion of CIRA and/or Genworth. Investors participating in the Genworth Program will receive monthly account statements and quarterly reports showing the investment performance of their account. The client will also receive confirmation of all transactions in the account and is free to terminate participation in the program and retain or dispose of any assets in the account at any time. CIRA has no authority to cause any purchase or sale of securities in any client account, change the model portfolio or direct the account to be invested in any manner other than as previously authorized by the client.

A complete description of the Genworth program and related fees and charges will be disclosed to the client in the Genworth Schedule H or similar disclosure brochure, which will be provided to clients prior to, or at, the time an account, is established.

### III. PNC Managed Investments Inc.

CIRA has established a relationship with PNC Managed Investments Inc. ("PNC"), which offers a variety of asset management programs that CIRA Advisor Representatives may utilize to manage their client accounts using third party money managers or sub-advisers approved through the PNC programs. PNC provides administrative and performance reporting services within its program. A complete description regarding this program will be provided in the PNC Form ADV Part 2A or similar disclosure document containing at least the information required in Form ADV Part 2A, a copy of which will be provided to clients when the CIRA Advisor Representative is recommending the use of the PNC program.

### IV. Lockwood

CIRA has established a relationship with Lockwood Advisors, Inc. ("Lockwood") that offers a variety of asset management programs that CIRA Advisor Representatives may utilize to manage their client accounts using third party money managers or sub-advisers approved through the Lockwood programs. Lockwood provides administrative and performance reporting services within its program. A complete description regarding this program will be provided in the Lockwood Form ADV Part 2A or similar disclosure document containing at least the information required in Form ADV Part 2A, a copy of which will be provided to clients when the CIRA Advisor Representative is recommending the use of the Lockwood program.

### V. Envestnet Wrap-Fee Program

CIRA sponsors a wrap fee program through an agreement with Envestnet Asset Management, Inc. ("Envestnet"), a registered Investment Adviser, through which CIRA uses Envestnet to provide certain services to itself and its clients. Envestnet operates a technology platform on which the program functions and renders investment advice to CIRA and/or clients, including recommending an appropriate asset allocation for each client and specific investment managers ("Sub-Managers") or investment products.

Upon execution of a *Statement of Investment Selection*, CIRA Advisor Representatives shall assist clients with the establishment of one or more individual accounts at Cambridge using NFS or Pershing as the clearing broker/dealer and custodian. NFS or Pershing will serve as the qualified custodian for accounts through this program. Clients must appoint CIRA as their Investment Adviser on the account.

Through this program, CIRA and/or Envestnet provide each client continuous investment advice based on their needs and circumstances. CIRA and/or Envestnet will determine the suitability of the asset allocation and investment options for each client. CIRA and/or Envestnet will then assist clients in allocating their assets among different investment options in the program and recommend investment vehicles and/or Sub-Managers within that program for their accounts.

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

Clients participating in this program are charged a specified fee, or fees not based directly on the transactions in their Accounts, for investment advisory and execution services. Clients in this program pay a single annualized fee, calculated by applying the annual fee schedule for the pertinent category of Program assets in the Statement of Investment Selection to the asset value of Program assets (determined quarterly on an account by account basis and not in the aggregate). The initial Program Fee will equal (on an annualized basis) the percentage set forth in the client fee schedule of the fair market value of each client's Program assets in the applicable category.

The initial Program Fee shall be calculated and debited on the day after the initial Program assets are placed in this program with the account Custodian and shall be this program fee for the first calendar quarter (or part thereof) in which the client participates in this program. The initial program fee for any partial calendar quarter shall be appropriately pro-rated based on the number of calendar days in the partial quarter. Thereafter, this program fee shall be calculated at the beginning of each calendar quarter based on the value of program assets on the last business day of the prior calendar quarter. However, if an account is opened in the last month of a calendar quarter, this program fee will be calculated and debited for the remaining period in the calendar quarter plus the next calendar quarter on the day after initial program assets are placed into this program. If a client invests \$10,000 or more in any account after the inception of a calendar quarter, this program fee for that quarter will be recalculated and pro-rated as of the day of the additional investment. The program fee for each quarter will equal (on an annualized basis) the percentage set forth in the client agreement's fee schedule of the fair market value of this program assets in the applicable category (including interest paid or accrued) as calculated on the last business day of the previous calendar quarter. The account Custodian will determine the fair market value for program fee calculation purposes. If services are terminated and all program assets are withdrawn from the program prior to the end of a quarter, the pro rata portion of the program fee will be reimbursed to the client.

The program fee will be debited from the client's Account(s) by the account Custodian on a quarterly basis in advance or in arrears depending on the platform. Clients will authorize the Custodian to pay Envestnet directly from the client's account(s) and Envestnet, as agent for the client, will pay all amounts due to the CIRA, sub-manager and Custodian.

The maximum fee charged for accounts that maintain equity stock as program assets shall not exceed 2.9% annually or 2.65% annually for accounts that maintain only mutual fund program assets. The actual fee charged to individual clients will be based on factors such as, but not necessarily limited to, the amount of assets under management and the portfolio(s) used to manage the client's assets. The specific fee charged to a client will be agreed upon and described in the client agreement prior to commencing services.

A separate brokerage account will be established for each portfolio that is selected by a client. As a general rule, the minimum account size is fifty thousand dollars (\$50,000). However, under certain circumstances, CIRA may waive the minimum account size requirement and accept accounts less than the minimum requirement.

Other costs that may be assessed to a client, and that are not part of the program fee, include fees for portfolio transactions executed away from the account custodian, IRA and qualified retirement plan charges, dealer mark-ups, electronic fund and wire transfer fees, market maker spreads, exchange fees and broker-dealer fees, among others. Mutual funds, exchange traded funds ("ETFs"), and alternative investments may charge their own fees (such as 12b-1 fees and surrender charges) for investing the pool of assets in the respective investment vehicle. Please see the prospectus or related disclosure document for information regarding these fees.

For a complete description of the program, clients should refer to the CIRA Schedule H Disclosure Brochure, a copy of which will be provided by CIRA upon request from a client. All clients participating in the program will receive a copy of the Schedule H or similar disclosure brochure prior to, or upon, entering into an agreement for the program services. Program clients will also be offered a copy of the Schedule H disclosure brochure at least annually.

#### **7. CIRA 403(b) Sub-Advisor Program**

CIRA has developed an investment platform wherein CIRA Advisor Representatives ("Relationship Managers") may contract with other CIRA Advisor Representatives that have been appointed by CIRA to serve as Portfolio Managers for CIRA accounts that are 403b plan assets custodied at Fidelity Brokerage Services, LLC ("Fidelity") on its Tax Exempt Services platform. Through this program, CIRA Portfolio Managers develop models and strategies for managing client accounts. Portfolio Managers may utilize the investment advisory services of third party investment advisory strategists including, but not limited to, an SEC registered Investment Adviser. When a Strategist is used, the Portfolio Manager has final authorization to accept or reject any recommendations made by the Strategist.

Portfolio Managers, which may or may not use Strategists, provide signals regarding the allocation and trading of these 403b plan assets custodied at Fidelity. Portfolio Managers are responsible for implementing all trades in client accounts.

The annual fee for accounts managed through the CIRA 403(b) Sub-Adviser Program is based on the amount of assets under management. The annual fee is negotiable and is subject to discounts on a Relationship Manager-by-Relationship Manager or account-by-account basis. The maximum allowable fee that can be charged may not exceed 2.25% of assets under management on an annual basis. CIRA will pay the Portfolio Managers a portion of the investment advisory fee CIRA receives from clients. The portion of the fee received by Portfolio Managers will not exceed 27.5 basis points (0.275%). The CIRA 403b accounts using these Portfolio Managers may pay higher account related fees and charges. To the extent a Portfolio Manager utilizes a third party strategist, the strategist will retain a portion of the Portfolio Manager's fee.

Fees may be charged in advance or in arrears depending upon the agreement between the client and CIRA. Fees are charged on a quarterly basis unless the client and CIRA agree on another billing cycle. CIRA reserves the right to calculate fees either (i) on the basis of the market value of the account(s) on the last day of the previous quarter if fees are billed in advance or on the last day of the quarter in which services were rendered if fees are billed in arrears. CIRA will apply only one fee calculation formula to an account at any given point in time. Clients should discuss with their Relationship Manager the fee calculation formula in effect at the time they establish their account(s), and will be notified in writing of any change.

Depending on the complexity and structure of the investment management strategy selected by client, CIRA may assess a one-time non-refundable set-up fee, which may be the lesser of one percent (1%) or \$1,000.00. The combined set-up fee and first year's account fee may not exceed 3% of assets under



management. Set-up Fees (described above), if applicable, are a non-refundable one-time charge intended to cover such services as initial portfolio review and analysis, evaluation of a client's personal and financial goals, risk tolerance, investment objectives, product research, selection of an appropriate investment management strategy and completion by the client's CIRA Advisor Representative of the documents required by CIRA to establish a particular account.

The exact fee and payment arrangement shall be agreed to with the client and CIRA Advisor Representative prior to commencing services and stated in the agreement for services.

Trading, brokerage and custodial fees charged by the client's third party broker/dealer and custodian are separate from management fees charged by CIRA. In addition, clients may incur certain charges imposed by third parties other than CIRA in connection with investments made through a Cambridge account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees. Management fees charged by CIRA are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus. Because Relationship Managers and Portfolio Managers are not acting in their capacity as Cambridge Registered Representatives through this platform, CIRA and Cambridge do not retain any portion of the fees and expenses described in this paragraph.

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 the client entering into the CIRA 403(b) Sub-Advisor Program services agreement, then the client has the right to terminate services without penalty (i.e. a 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.

### **Recommendation of Third Party Money Managers**

CIRA acts a solicitor and allows its Advisor Representatives to refer clients to unaffiliated third party investment advisory firms offering asset management and other investment advisory services. As a result, CIRA is paid a portion of the fee charged and collected by the third party Investment Adviser in the form of solicitor fees or consulting fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

Through this program, CIRA Advisor Representatives will assist a client with identifying the client's risk tolerance and investment objectives. The CIRA Advisor Representative will recommend third party Investment Advisers in relation to the client's stated investment objectives and risk tolerance. A client may select a recommended third party Investment Adviser firm based upon the client's needs. Clients will enter into an agreement directly with the unaffiliated third party Investment Adviser who shall provide asset management services.

CIRA Advisor Representatives are available to answer questions the client may have regarding their account and act as the communication conduit between the client and the third party Investment Adviser. Third party Investment Advisers may take discretionary authority to determine the securities to be purchased and sold for the client. Neither CIRA nor its associated persons will have any trading authority with respect to a client's managed account with the third party Investment Adviser(s).

Third party managed programs generally have account minimum requirements that will vary from Investment Adviser to Investment Adviser. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the third party Investment Adviser's services, fee schedules and account minimums will be disclosed in the third party Investment Adviser's

Form ADV, Schedule H Disclosure Brochure, or similar Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and the account is established. Client reports will depend upon the third party Investment Adviser.

While the actual fee charged to a client will vary depending on the third party investment CIRA utilized, the portion retained by CIRA in the form of solicitor fees or consulting fees shall not exceed 1.50%. Overall management fees charged to the client through this program will include the portion retained by the third party Investment Adviser and therefore may exceed 1.50%. All fees are calculated and collected by the selected third party Investment Adviser firm who shall be responsible for delivering CIRA's portion of the client fee to CIRA.

Clients may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees, surrender charges, and IRA and qualified retirement plan fees. CIRA will not receive any portion of such commissions or fees. CIRA is only compensated by the consulting fee as described above. CIRA receives no other compensation in connection with a client's account.

While CIRA consistently reviews the performance of numerous third party investment firms, CIRA enters into relationships with only a select number of third party Investment Advisers that pass the CIRA due diligence process.

Third party Investment Advisers recommended by CIRA must be registered or exempt from registration in the state where the client resides. Third Party Investment Advisers recommended by CIRA or a CIRA Advisor Representative must be approved by both Cambridge and CIRA.

Clients are advised that CIRA Advisor Representatives may have a conflict of interest by only offering those third party Investment Advisers that have agreed to pay a portion of their advisory fee to CIRA and have met the conditions of the CIRA due diligence review. Clients are advised that there may be other third party managed programs that may be suitable to the client that may be more or less costly. No guarantees can be made that client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

#### **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 CIRA and the CIRA Advisor Representative have 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 CIRA 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, CIRA Advisor Representatives and their personnel as may be required by law.

CIRA's Advisor Representatives, in their separate capacity as Registered Representatives of Cambridge, and acting in full compliance with the Cambridge and CIRA compliance policies and procedures, may retain a portion of the commissions charged to the client. These commissions may include mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. When managing ERISA and qualified accounts, the CIRA Advisor Representative 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 CIRA Advisor Representative in his/her individual capacity as a Registered Representative of Cambridge.

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

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

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

#### **Termination**

All Services continue in effect until terminated by either party (i.e. CIRA or the client) by giving written notice to the other party at least thirty (30) days prior to the date on which termination is to be effective. Unless, all parties mutually agree on an earlier termination date. Any prepaid, unearned fees will be promptly refunded by CIRA to the client. Fee refunds will be determined on a pro-rata basis using the number of days services are actually provided during the final period. When fees are billed in arrears, CIRA will pro-rate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment. CIRA does not impose a termination fee; however, client accounts may be subject to a modest charge for reimbursement of fees and/or costs related to transferring the account. If you terminate the agreement within five (5) business days of the date you sign an agreement, CIRA will refund any fees client paid in advance as a retainer to secure the services you selected.

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

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

## Item 7 – Types of Clients

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

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

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

### **Minimum Investment Amounts Required**

CIRA typically imposes a minimum investment amount of \$25,000 to establish a Cambridge Investment Management account, an account managed on an institutional RIA platform, or an account through the CIRA 403(b) Sub-Advisor Platform. CIRA may be willing to allow exceptions to this minimum at the request of a CIRA Advisor Representative. It should be noted that CIRA Advisor Representatives may impose higher account minimums than the \$25,000 level established by CIRA. You should consult with your CIRA Advisor Representative to determine the required account minimum.

For CAAP accounts, a minimum account value of \$50,000 is required for Litman/Gregory Asset Management, LLC, The Institute for Wealth Management, Rogerscasey, Symmetry Partners, and Russell Investment Group portfolios using no-load or load-waived funds; \$20,000 is required for 403(b)(7) Litman/Gregory or Russell portfolios using no-load or load-waived funds; \$20,000 is required for Litman/Gregory ETF portfolios using ETFs; and \$100,000 is required for HWV Tactical (The Vanguard Group and John Hancock) portfolios using ETFs and no-load mutual funds.. \$10,000 for LifePoints® Funds, Target Portfolio Services using Russell Funds. Accounts may not be aggregated to meet program minimums. In certain instances, the minimum account size may be negotiated. 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).

As a general rule, the minimum account size for the Envestnet Program is \$50,000. However, under certain circumstances, CIRA may waive the minimum account size requirement and accept accounts less than the minimum requirement.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Margin transactions.** When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock for CIRA.

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

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

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

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

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

## **Risk of Loss**

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

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

- (1) Can or will predict future results; or
- (2) Successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

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

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, does down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk**. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Options Risk**. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **Fixed Income Risk**. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **ETF and Mutual Fund Risk** – When investing in a an ETF or mutual fund, there are \additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs. Leveraged and inverse ETFs may not be suitable for all investors and have unique characteristics and risks. Although there are limited occasions where a leveraged or inverse ETF may be useful for some types of investors, it is extremely important to understand that, for holding periods longer than a day, these funds may not give you the returns you may be expecting.

- **Management Risk** – The value of your investment will vary with the success and failure of CIRA's investment strategies, research, analysis and determination of portfolio securities. If CIRA's investment strategies do not produce the expected returns, the value of the investment may decrease.

## **Item 9 – Disciplinary Information**

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

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

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

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

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

CIRA is under common ownership with a registered broker/dealer, Cambridge Investment Research, Inc ("Cambridge"). CIRA and Cambridge are owned by Cambridge Investment Group, Inc., a holding company that is majority owned by The Mary Sue Schwartz Revocable Trust.

CIRA Advisor Representatives may be licensed to sell securities in the capacity as Registered Representatives or Registered Principals with Cambridge. CIRA Advisor Representatives, acting in their separate capacities as Registered Representatives or registered principals of Cambridge, may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, CIRA Advisor Representatives may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based Cambridge account in addition to an advisory account. In the event investment advisory clients elect to purchase these products through Cambridge, Cambridge and the client's CIRA Advisor Representative, in the capacity as Cambridge Registered Representative, will receive the normal and customary commission compensation in connection with the specific product purchased. 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, CIRA Advisor Representatives, in the capacity as a dually Registered Representative, must place all purchases and sales of securities products in commission-based brokerage accounts through Cambridge or other Cambridge approved institutions.

For non-wrap accounts managed by us and held by NFS or Pershing, our affiliated broker-dealer, Cambridge, acts as the introducing broker for transactions in these accounts and will be paid a ticket charge for each transaction out of your non-wrap accounts. Cambridge essentially pays a portion of each ticket charge to the clearing firm, NFS or Pershing, and keeps the remaining portion of the ticket charge paid by you. Although this retained revenue from the ticket charge is not retained by the CIRA Advisor



Representative servicing your account, this could be a conflict of interest for us. For information on additional fees regarding these ticket charges, please refer to Item 5.C.1 of this Brochure.

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

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

CIRA Advisor Representatives may be licensed life insurance agents with TBS and may sell insurance products to CIRA's advisory clients. Therefore, the client's CIRA 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, CIRA Advisor Representatives, in their separate capacities as licensed insurance agents, will receive separate and typical commission compensation for insurance and/or annuity sales. Please refer to Item 13.A. of this document for additional information and disclosures regarding CIRA's relationship with TBS.

***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 an Investment Adviser firm with the SEC due to its affiliation with CIRA.

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 that may also be CIRA Advisor Representatives with tools to enhance the value of their retail practices and to provide a source to finance the transitioning of their practices. Specifically, CPG has been created so that Cambridge may offer to certain CIRA Advisor Representatives the opportunity to become members in CPG by investing in CPG. Subsequent investing in CPG, members will be eligible to participate in the programs offered by CPG. Programs offered by CPG are designed to improve the continuity and the long-term viability of the members' practices.

In addition to the fee revenue assignment, typically a CIRA Advisor Representative will agree to contribute or assign a portion of the CIRA Advisor Representative's advisory and brokerage practice-related intangible assets to CPG. Contributed assets include CPG's right to receive a portion of the proceeds of any sale of the CIRA Advisor Representative's interest in their advisory and brokerage customer list and other intangible assets owned by the CIRA Advisor Representative.

Membership interests in CPG are only being made available to certain Cambridge Registered Representatives, some of whom may also be CIRA Advisor Representatives. Therefore, CIRA clients are not eligible to invest in CPG.

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

CPG Units are not registered under the Securities Act of 1933 (the "Securities Act"), in reliance on an exemption thereunder, for transactions not involving any public offering. Further, CPG is not registered as an investment company under the Investment Company Act of 1940, and, therefore, the CIRA Advisor Representative will not be offered the protections provided by such Act. As such, the Units have not been approved or disapproved by the Securities and Exchange Commission or by any other federal or state agency, and that no such agency has passed on the accuracy or adequacy of the Offering Memorandum or Contribution and Assignment Agreement.

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

Some CIRA Advisor Representatives own or are affiliated with independent investment advisory firms. CIRA and the independent Investment Advisers are not affiliated companies. Typically, CIRA 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 CIRA 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 CIRA Advisor Representatives.

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

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

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

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

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

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

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

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

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

To the extent that an advisory client 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 a CIRA Advisor Representative, to fund their securities account(s), a potential conflict of interest exists. The conflict is present in that the CIRA Advisor Representative has an incentive to recommend the proceeds be placed in a securities account managed

by the CIRA Advisor Representative or used to purchase securities products through the CIRA Advisor Representative in his/her capacity as a Cambridge Registered Representative thus increasing the compensation earned by the CIRA Advisor Representative.

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

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

CIRA 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 CIRA 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, CIRA Advisor Representatives, in their separate capacities as licensed insurance agents, will receive separate and typical commission compensation for insurance and/or annuity sales. There may be a conflict of interest present in that the CIRA Advisor Representative has an incentive to recommend products to be purchased through the CIRA Advisor Representative thus increasing the compensation earned by the CIRA Advisor Representative. Clients of CIRA are not obligated in any manner to use the insurance services provided by CIRA Advisor Representatives.

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

Cambridge has established and will continue to establish marketing arrangements with banks and other depository institutions. In certain circumstances, investment advisory services of CIRA 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.

Cambridge has established a referral arrangement with FNBB Capital Markets, LLC, ("FNBB") which is a registered broker-dealer and state-registered Investment Adviser in the state of Alabama. Pursuant to this arrangement, FNBB may refer prospective retail banks to designated representatives of Cambridge and such designated Representatives may then offer products and services to retail consumers through arrangements with third party banks in accordance with the terms of a separate Financial Institution Marketing Agreement between Cambridge and the bank. Cambridge will pay FNBB a portion of the compensation not to exceed 27.5 basis points arising from the sale by designated Representatives of products and services to customers of the retail banks introduced to Cambridge by FNBB and services under a Financial Institution Marketing Agreement.

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

CIRA has developed several programs, previously described in Item 5 of this Disclosure Brochure, designed to allow CIRA Advisor Representatives to recommend and select unaffiliated investment advisers for clients. The selected unaffiliated Investment Advisers will act as either third-party money manager or a sub-adviser. Whenever another Investment Adviser is selected to manage all or a portion of the client's assets, you need to know that the outside Investment Adviser will be paid a portion of the fees you are charged and CIRA and its Advisor Representative will also receive a portion of the fees you are charged. Please refer to Item 5 for full details regarding the programs, fees, conflicts of interest and materials arrangements when select other Investment Advisers.

While CIRA's 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 Advisor Representatives when making recommendations.

In addition to the economic benefits, including assistance and services, detailed above, CIRA and/or Cambridge enters into specific arrangement with product sponsors and other third parties. CIRA Advisor Representatives 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.

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

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

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

### **Personnel Trading Policy**

From time to time CIRA or one or more of its supervised persons may purchase or own the same securities and investments that CIRA or the client’s CIRA Advisor Representative recommends to the client. The fact that CIRA supervised persons may have personal accounts is a conflict of interest due to the potential that a CIRA Advisor Representative may devote more time to monitoring his/her personal accounts as opposed to spending that time on the review and monitor of client accounts. In addition, there is a potential that CIRA 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 neither CIRA, nor its Advisor Representatives nor supervised persons may trade ahead of or otherwise against the interest of clients. It is the policy of CIRA that the interests of client accounts are placed ahead of the interests of CIRA accounts and personal accounts of CIRA supervised persons.

None of CIRA’s supervised persons may effect for himself or herself, or his or her immediate family (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 has any direct or indirect influence or control, and (2) transactions in securities that are direct obligations of the U.S. government, bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short term debt instruments, including repurchase agreements or shares issued by registered open-end investment companies.

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

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

- Provides ongoing continuing education regarding avoiding conflicts of interest and complying with ITSFEA.
- Requires supervised persons to report quarterly securities trading in personal accounts (except mutual funds and government securities), which are monitored by the Compliance Department.
- Prohibits supervised persons from executing securities transactions for clients or on their personal accounts based on information that is not available to the public upon reasonable inquiry.
- Informs clients that they are not required to purchase securities through CIRA or its Advisor Representatives, although if they choose to purchase securities through their 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 advisers only if certain conditions are met under Section 206(3) of the Investment Advisers Act of 1940 or SEC Rule 206(3)-2.

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

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

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

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

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

## **Item 12 – Brokerage Practices**

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

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

Cambridge, an affiliated broker-dealer, may act as broker for transactions in some accounts and will be paid a ticket charge and/or commission for each transaction out of your non-wrap accounts held at NFS or Pershing. Cambridge essentially pays a portion of each ticket charge to the clearing firm, NFS or Pershing, and keeps the remaining portion of the ticket charge paid by you. This compensation received by Cambridge is not shared with the CIRA Advisor Representative providing services to client accounts. CIRA acknowledges that the receipt of ticket charge revenue by its affiliate Cambridge could be a conflict of interest. In the interest of ensuring that trading activity in an advisory account is in the best interest of advisory clients, Cambridge Investment Research Advisors, Inc. monitors the amount of trading activity, the corresponding amount of ticket charges paid from its advisory accounts and best execution as described in Item 12.

In certain circumstances, product sponsors or custodians may provide Cambridge as the RIA or an investment advisor representative with additional revenue sharing or expense reimbursements to aid in the transfer costs. In most cases, this additional compensation is passed on to the IAR who may, in turn, use it to assist with expenses or to reimburse their client for costs incurred during a transfer.

### **Accounts Established through Cambridge.**

If clients wish to have CIRA's Advisor Representatives implement advice in their capacity as Registered Representatives or through an investment management program that uses NFS or Pershing (including

the Envestnet Wrap-Fee Program), then CIRA's affiliated broker-dealer, Cambridge, must be used. Advisor Representatives of CIRA that are also Registered Representatives of Cambridge are required to use the services of Cambridge and Cambridge's approved clearing broker-dealers when acting in their capacity as Registered Representatives. Cambridge serves as the introducing broker-dealer. All accounts established through Cambridge will be cleared and held at either NFS or Pershing. CIRA and Cambridge are not related or affiliated with NFS or Pershing.

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

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

CIRA and/or Cambridge enter into specific arrangement with product sponsors and other third parties. CIRA 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.

As mentioned above, Cambridge is a participant in Pershing's FUNDVEST® ticket charge program, and NFS' FUNDSMART® Select ticket charge program, through these programs Cambridge receives revenue sharing participation.

In certain circumstances, NFS may provide Cambridge with additional revenue sharing to aid the advisor in transfer costs. In most cases, this additional revenue is passed on to the IAR who may, in turn, use it to assist with expenses or to pass along to their client.

In certain circumstances, product sponsors or custodians may provide Cambridge or an advisor with additional revenue sharing or expense reimbursements to aid the advisor in transfer costs. In most cases, this additional compensation is passed on to the IAR who may, in turn, use it to assist with expenses or to reimburse their client for costs incurred during a transfer.

In some instances Cambridge Investment Research, Inc. may receive additional compensation in the way of a broker-dealer concession for the trading of certain fixed income investments. This additional concession is not applied to fixed income transactions within an investment advisory account.

Some of CIRA's Advisor Representatives have entered into an Equity Participation Plan ("EPP") with Cambridge. Under this arrangement, CIRA Advisor Representatives who participate in the EPP have the ability to earn a percentage of Cambridge's overall profit ratio. CIRA Advisor Representatives are not owners or officers of Cambridge. However, CIRA Advisor Representatives are eligible to participate in the EPP due to their affiliation as Registered Representatives of Cambridge or Advisor Representatives of CIRA. This arrangement between certain of 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.

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

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

Accounts established through Schwab Institutional will be maintained at Charles Schwab & Company, Inc., a registered broker/dealer. Accounts established through TD Ameritrade will be maintained through TD Ameritrade. Accounts established through Fidelity Institutional Wealth Services will be maintained at either NFS or Fidelity Brokerage Services. Accounts established through Pershing Advisor Services will be maintained through Pershing. Charles Schwab & Company, Inc., TD Ameritrade, NFS, Fidelity Brokerage Services, and Pershing are registered broker-dealers and members of FINRA/SIPC.

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

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

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

When evaluating institutional RIA platforms, CIRA considers other products and services that assist CIRA in managing and administering clients' accounts. While these products and services benefit CIRA and its Advisor Representatives, they may not necessarily benefit every CIRA client. Services and products that CIRA actively considers and evaluates include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of CIRA's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of CIRA accounts, including accounts not maintained on the institutional RIA platform that provides the services. CIRA will also evaluate services available that are intended to help CIRA and its Advisor Representatives manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In



addition, institutional RIA platforms may make available, arrange and/or pay for these types of services rendered to CIRA and its Advisor Representatives by an independent third party providing these services to CIRA. While as a fiduciary, CIRA endeavors to act in its clients' best interests, CIRA Advisor Representatives' recommendations or requirements that clients maintain their assets in accounts at a particular institutional RIA platform may be based in part on the benefit to the CIRA Advisor Representative of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the institutional RIA platform, which may create a potential conflict of interest.

#### **Accounts Established through CAAP.**

CAAP accounts will be established at a broker-dealer based on the CAAP strategy that is selected for the client. Cambridge, with NFS and Pershing serving as the clearing broker-dealer, will be used for the majority of client accounts. The decision to recommend or require NFS or Pershing is typically made by the CIRA Advisor Representative with consent from the client. However, in some cases a CAAP strategy may only be available through one of the clearing broker-dealers. For example, CAAP strategies developed by Symmetry Partners must be custodied through NFS. CIRA's decision to use Cambridge is based on CAAP trading procedures. Trades for accounts in most CAAP strategies are affected and implemented by a Cambridge trading team located in the home office. Other reasons to require the use of Cambridge and recommend/require NFS or Pershing are the same as those outlined in the section above, **Accounts Established through Cambridge.**

403(b) (7) CAAP can only be custodied at Marshall & Ilsley Trust Company N.A. (M&I). Conditional upon M&I and participation in CAAP, assets are managed by CIRA and based on strategies developed by Litman/Gregory and/or Russell and must be held and cleared through M&I. M&I is responsible for all trades in 403(b) (7) CAAP. CIRA is not related or affiliated in any way with either M&I, Litman/Gregory or Russell.

#### **Accounts Established through the CIRA 403(b) Sub-Advisor Program.**

Clients wanting to contract for the CIRA 403(b) Sub-Advisor Program must establish a brokerage account through Fidelity Brokerage Services, LLC. The requirement to use Fidelity is based on the fact that CIRA manages 403(b) accounts through Fidelity's Tax Exempt Services platform. The Tax Exempt Services platform allows investment advisory firms the ability to manage client accounts held through Fidelity. Fidelity provides specialized retirement and investment services as well as access to tax-exempt organizations, including: colleges and universities, health care institutions, government and other public sector entities, religious institutions, and unions.

#### **Best Execution.**

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

Clients should consider that in light of Cambridge's limited approved trading platforms for CIRA accounts and the fact that only some of the approved trading platforms may accommodate the investment strategy recommended by the client's CIRA advisory representative, that CIRA Advisor Representatives are limited in their ability to obtain the best execution price and lowest execution costs for each transaction or

the product with the lowest internal expenses. Therefore, clients may pay higher commissions or trade execution charges through the trading platforms approved by CIRA and Cambridge than through platforms that have not been approved by CIRA and Cambridge as trading platforms for investment advisory accounts.

Not all investment advisers restrict or limit the broker/dealers their clients can use. Some Investment Advisers permit their clients to select any broker/dealer of the client's own choosing.

### **Trade Aggregation.**

Transactions implemented by CIRA for client accounts are generally effected independently, unless a CIRA Advisor Representative decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by a CIRA Advisor Representative when the CIRA Advisor Representative believes such action may prove advantageous to clients. When CIRA Advisor Representatives aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the CIRA Advisor Representative's clients in proportion to the purchase and sale orders placed for each client account on any given day. When a CIRA Advisor Representative determines to aggregate client orders for the purchase or sale of securities, including securities in which a CIRA associated person may invest, the Advisor Representative will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, CIRA does not allow its Advisor Representatives to receive any additional compensation or remuneration as a result of aggregation.

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

### **Handling of Trade Errors.**

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

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

## **Item 13 – Review of Accounts**

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

For managed accounts, reviews are provided on an on-going basis; typically based on a schedule agreed upon by you and your CIRA Advisor Representative. CIRA does not impose a specific review schedule that all CIRA Advisor Representatives must follow. Generally the calendar is the main triggering factor for client reviews. However, more frequent reviews may be provided to any account depending on, among other issues, changes to the client's financial situation, personal situation or changes in market conditions.

Client investment advisory accounts are reviewed by the CIRA Advisor Representative to analyze if the account is being managed in accordance with the client's chosen investment objective, that the account is properly balanced, if it is being managed according to a specific asset allocation model, and to verify the accuracy of account holdings and fee deductions. For accounts managed by third party Investment Advisers, the third party Investment Adviser responsible for managing the account will conduct all reviews and the CIRA Advisor Representative will monitor the performance of the third party manager.

CIRA Advisor Representatives generally contact clients at least annually, or on a schedule agreed upon by the CIRA Advisor Representative and client, to discuss changes in the client's goals, investment objectives, and personal and financial situation. Clients generally will receive an annual letter from Cambridge confirming this personal information.

Although not every CIRA Advisor Representative provides an annual financial review to every client, CIRA encourages clients to request such a review to discuss with their CIRA Advisor Representative such things as account performance, changes in the client's investment objectives, goals, and financial situation, tax planning, estate planning, retirement planning and any other questions the client may have concerning their investment portfolio. Clients who receive only Financial Planning Services may be charged a separate fee for meetings with their CIRA Advisor Representative. Clients should read carefully the agreement with CIRA to determine the amount of such separate fees, if any.

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

### **Client Reports and Statements**

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

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

Depending on the CIRA Advisor Representative's preference, performance reports may be generated from one of the following Cambridge-approved consolidated reporting systems.

**CIRStatements (through Albridge).** CIRStatements is Cambridge's primary account consolidation and performance reporting service. The use of CIRStatements enables Cambridge and CIRA to better supervise the performance reporting process and monitor activity in client accounts. Clients may also have electronic access to their portfolio and may be able to view and/or print select portfolio investment information.

**CIRStatements with Albridge Data Services ("ADS").** ADS integrates with CIRStatements and utilizes a team of analysts dedicated to perform heightened reconciliation of consolidated account data, heightened data verification and enhancement of the data on CIRStatements reports. Client access is available.

**Black Diamond.** CIRA Advisor Representatives may opt to use the Black Diamond web-based performance reporting service. Client web access is available.

**Pershing QPR and Envestnet.** Both Pershing QPR and Envestnet performance reporting solutions are provided through third party reporting services are available to CIRA Advisor Representatives under special circumstances.

Under certain circumstances, a CIRA Advisor Representative may wish to utilize a performance reporting alternative other than those mentioned above. In those particular situations, the CIRA Advisor Representative must have prior approval from Cambridge.

Clients will also receive account statements directly from the custodians, sponsor companies or 3rd party money managers. CIRA urges clients to review the contents of these custodial statements and compare them against the reports provided directly from CIRA or CIRA Advisor Representatives.

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 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.

## **Item 14 – 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 ticket charges for non-wrap accounts managed by CIRA and held at NFS or Pershing. In addition, CIRA 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, CIRA 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 CIRA Advisor Representatives in their individual capacities as Registered Representatives of Cambridge.

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

In certain circumstances, CIRA 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, platform and E&O fees and costs.

While CIRA and CIRA's 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 CIRA 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. CIRA 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 which can be found at [www.cir2.com](http://www.cir2.com) for further information about any of CIRA's revenue sharing arrangements. It is also available upon written request.

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

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

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

It should be noted that not all CIRA Advisor Representatives work with Solicitors. In fact, most CIRA Advisor Representatives do not use Solicitors.

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

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

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

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

Cambridge has established and will continue to establish marketing arrangements with banks 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 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 Federal Deposit Insurance Corp., the National Credit Union Administration, or any other federal or state deposit guarantee fund or other government agency;
- Not endorsed or guaranteed by the bank or credit union or their affiliates;
- Are not deposits or obligations of the depository institutions and are not guaranteed by the depository institutions;
- Investments and securities are subject to investment risks, including possible loss of principal invested.

Cambridge has established a referral arrangement with FNBB Capital Markets, LLC, ("FNBB") which is a registered broker-dealer and state-registered Investment Adviser in the state of Alabama. Pursuant to this arrangement, FNBB may refer prospective retail banks to designated representatives of Cambridge and such designated representatives may then offer products and services to retail consumers through arrangements with third party banks in accordance with the terms of a separate Financial Institution Marketing Agreement between Cambridge and the bank. Cambridge will pay FNBB a portion of the compensation not to exceed 27.5 basis points arising from the sale by designated representatives of products and services to customers of the retail banks introduced to Cambridge by FNBB and services under a Financial Institution Marketing Agreement.

### **Item 15 – Custody**

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

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

1. CIRA has established procedures to ensure all client funds and securities are held at a qualified custodian (for example: National Financial, LLC, Pershing, LLC, Charles Schwab & Company, Inc., TD Ameritrade) in a separate account for each client under that client's name.
2. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained.
3. Account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements. When clients have questions about their account statements, they should contact their CIRA Advisor Representative or the qualified custodian preparing the statement. Clients

may also receive reports regarding their accounts from CIRA or their CIRA Advisor Representative. Clients are urged to compare any reports generated and delivered from CIRA or their CIRA Advisor Representative against the account statements delivered from the qualified custodian.

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

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

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

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

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

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

- The security being recommended
- The number of shares or units

- Whether to buy or sell

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

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

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

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

### Item 17 – Voting Client Securities

As an investor in a publicly traded company and other investments, you will have the opportunity to participate in certain actions by the company or the investment. This is often referred to as “proxy-voting” or participating in corporate actions. The following are important disclosures regarding our firm's proxy-voting policies and procedures.

- Please know that CIRA and its Advisor Representatives do **not** vote proxies and other corporate actions on behalf of our clients. It is your responsibility to vote all proxies for securities held in accounts being managed by CIRA, including accounts setup through CAAP.
- If an account is maintained on behalf of a plan subject to ERISA, the client must know that proxy voting is considered to be a plan asset and that CIRA, as the investment manager, has the obligation to make certain all proxies are voted unless the plan document (not this Disclosure Brochure) states that the right to vote proxies has been reserved to the plan trustees. Because we do not vote proxies, you must ensure the applicable ERISA-plan documents reserve to the plan trustees the right to vote proxies and that the client shall maintain exclusive responsibility for determining all proxy voting decisions.
- Clients will receive proxy materials directly from the client's custodian or transfer agent.
- Although we do not vote proxies, we permit our Advisor Representatives to answer questions you may have regarding proxy voting materials in an effort to assist you in determining how to vote the proxy. However, the final decision of how to vote the proxy rests solely with you, the client. It is the decision of each CIRA Advisor Representative to consult with his/her clients regarding proxy decisions; therefore not all CIRA Advisor Representatives will consult with their clients on proxy matters.

With respect to accounts established through a third party Investment Adviser, the third party Investment Advisers may provide proxy-voting services on a client's behalf. For a description of the third party Investment Adviser's proxy voting policy, you will need to refer to each third party Investment Adviser's



Disclosure Brochure. Clients may request a complete copy of third party Investment Adviser's proxy voting policies and procedures as well as information on how the individual client's proxies were voted by contacting their CIRA Advisor Representative.

#### **Item 18 – Financial Information**

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