

# **PROGRAM TERMINATION**

## **WealthONE® Guaranteed Income Solutions Program and Third Party Asset Manager Program**

**SII Investments, Inc.®**

5555 W. Grande Market Drive

Appleton, WI 54913

(800) 426-5975

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

**March 31, 2018**

On August 15, 2017 National Planning Holdings, Inc. ("NPH"), the parent company of SII Investments, Inc.® ("SII"), announced it had entered into an asset purchase agreement with LPL Financial, LLC ("LPL") to transfer assets associated with its independent broker dealer network, including those associated with SII. As a result of the asset purchase agreement, SII is ceasing all business operations and terminating all client relationships.

SII provided written notification to clients that the following programs, and related agreements entered between SII and its clients, were being terminated:

- WealthONE Advisor Solutions Wrap Fee Program
- WealthONE Strategist Solutions Wrap Fee Program
- WealthONE Guaranteed Income Solutions Program
- Third Party Asset Manager Program
- Consulting Services and Financial Planning

Terminating the advisory programs at SII means that SII no longer offers or provides advisory services to clients, no longer has advisory accounts, and no longer charges fees for advisory business. For those accounts that did not transfer to LPL, SII has requested that clients transfer their accounts to another firm.

Since the announcement of the agreement with LPL, SII's goal has been to provide clients with as much notice and information as possible so that clients would experience a smooth transfer of their accounts. For reference, the Form ADV Part 2A Brochure ("Brochure") that follows, dated March 31, 2017, contains all relevant information about the WealthONE Guaranteed Income Solutions and Third Party Asset Manager Programs prior to the termination of the programs. Again, this Brochure is for your historical reference only. The programs have been terminated.

If you have any questions, please contact SII at (800) 426-5975 or via email at [compliance@siionline.com](mailto:compliance@siionline.com).

**Item 1. Cover Page**

## **Form ADV Part 2A**

### **SII INVESTMENTS, INC. ®**

**5555 W. Grande Market Drive  
Appleton, WI 54913  
(800) 426-5975  
[www.siionline.com](http://www.siionline.com)**

**March 31, 2017**

**This Brochure provides information about the qualifications and business practices of SII Investments, Inc.®. If you have any questions about the contents of this Brochure, please contact us at the above phone number. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.**

**Additional information about SII Investments, Inc.® ("SII") is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

## **Item 2. Material Changes**

We may update this Brochure at any time but are required to promptly send clients a copy of any material changes to our disclosures upon doing so. In addition, we will also deliver an annual summary of all material changes that occur to this Brochure along with an offer to provide you with a current version. The following updates have been made to this Brochure since the last update of April 22,2016.

### **The Advisor Solutions Program:**

- Updates to the Advisor Solutions Program previously outlined in this Brochure have resulted in it becoming a “wrap fee program” subject to different Brochure disclosure and formatting requirements. Please consult SII’s separate WealthONE Wrap Fee Program Brochure for additional details regarding our Advisor Solutions Program.

### **The Guaranteed Income Solutions Program:**

- Item 5 “Fees and Compensation” has been updated to reflect a fee reduction of the maximum annual Program Fee you may be charged.
- Item 14 “Client Referrals and Other Compensation” has been updated to include a description of our affiliation with Jackson National Life Insurance Products now offered under the Program.

### **The Maxim Program:**

- Item 5 “Fees and Compensation” has been updated to reflect a fee reduction of the maximum annual Program Fee you may be charged.

You may request copies of this Brochure by contacting us at (800) 242-4732, e-mailing us at [advisory@siionline.com](mailto:advisory@siionline.com), or downloading it from our website at [www.siionline.com](http://www.siionline.com) or the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

### Item 3. Table of Contents

	Page
Item 1. Cover Page.....	1
Item 2. Material Changes .....	2
Item 3. Table of Contents.....	3
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation.....	8
Item 6. Performance-Based Fees and Side-by-Side Management.....	11
Item 7. Types of Clients .....	11
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	13
Item 9. Disciplinary Information .....	15
Item 10. Other Financial Industry Activities and Affiliations .....	15
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	16
Item 12. Brokerage Practices .....	17
Item 13. Review of Accounts .....	18
Item 14. Client Referrals and Other Compensation.....	19
Item 15. Custody.....	20
Item 16. Investment Discretion .....	21
Item 17. Voting Client Securities .....	21
Item 18. Financial Information .....	21

## **Item 4. Advisory Business**

### **Firm Overview**

SII Investments, Inc.<sup>®</sup> (“SII”) is an investment advisor registered with the SEC that provides a range of investment advisory services to clients—including those outlined in this Brochure. Our services are provided to you through your relationship with our Investment Advisor Representative (“Advisor”). To enroll in the Program, you will be required to execute SII’s New Account Form and Asset Management Services Agreement which contain additional terms and conditions governing your investment account and relationship with us. We encourage you to review these documents together with this Brochure, and to discuss any questions you may have with your Advisor, to ensure that you fully understand the investment options and related services offered under the Program.

All references to “you” and “your” in this Brochure refer to prospective and existing investment advisory clients of SII. References to “we,” “us” or “our” may collectively refer to SII and/or your Advisor.

We also offer other investment advisory services not discussed in this Brochure. You may request a copy of SII’s separate Form ADV, Part 2A for these programs if you wish to learn more information about our other investment advisory services..

In addition, you should be aware of the differences between the investment advisory fee-based services outlined in this Brochure for ongoing management of accounts, and commission-based services that are separately available through SII for unmanaged brokerage accounts. To assist you with assessing these differences, we make available a document entitled “Which Account Type Is Right For You?” that we encourage you to review and discuss with your Advisor. A copy of this document is contained on SII’s website at [www.siionline.com](http://www.siionline.com) under “Disclosures”, and is also available upon request from your Advisor or SII.

SII has been in business since 1969 and is a direct subsidiary of National Planning Holdings, Inc., which is a Delaware based holding company that itself is an indirect subsidiary of the Prudential plc, a company incorporated in England and Wales. Prudential plc and its affiliated companies constitute one of the world’s leading financial services groups. It provides insurance and financial services through its subsidiaries and affiliates throughout the world. Prudential plc is not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.

### **Types of Advisory Services**

SII’s investment advisory service offerings are referred to in this Brochure as “Programs” and consist of three general categories—our proprietary WealthONE<sup>®</sup> Program, Maxim Program and Third Party Asset Manager (“TPAM”) Programs.

### **PROGRAM DESCRIPTIONS**

SII’s WealthONE<sup>®</sup> Program offers a wide range of investment opportunities through our proprietary investment advisory platform which includes the Guaranteed Income Solutions Program outlined in this Brochure. Although our TPAM Program is also outlined in this Brochure, this Program is offered through third party asset managers who maintain client

accounts through other investment platform and clearing arrangements, as further described below.

As an investment advisor, we generally act as a “fiduciary” and have an obligation to act in your best interest when providing investment advice regarding management of your investments. The investment advisory services we provide may vary in type and complexity based on a client’s individual circumstances. Our WealthONE Program is administered through a technology platform we subscribe to under an arrangement with a third party technology platform provider, in addition to various other service providers we may engage to support the Program, as further described within this Brochure.

Guaranteed Income Solutions is a non-discretionary Program whereas TPAM Program accounts generally require you to grant discretion to the third party asset managers. *Non-discretionary services* require clients to approve each securities transaction recommended by the Advisor before it can occur, and *discretionary services* authorize the purchase, sale or exchange of securities in client accounts without obtaining their consent prior to each transaction.

#### **Guaranteed Income Solutions.**

Under this Program, SII makes insurance products available which are offered by a select group of insurance carriers, including Jackson National Life Insurance Company (“JNL”) and Jackson National Life Insurance Company of New York (“JNLNY”), which are affiliated with SII. These products are offered on a “no-load” basis, meaning that no commission is assessed on their sale. Instead, an ongoing management fee is charged by our Advisor who will use asset allocation software and modeling tools to recommend and assist you with managing the insurance product in which you are invested. As noted above, this is a non-discretionary Program meaning that you will ultimately be responsible for determining whether to act on your Advisor’s recommendations, and will be solely responsible for approving or rejecting any investment recommendations offered by your Advisor. Accordingly, you will be required to personally approve any and all asset allocation instructions and related instructions regarding your Insurance Products and underlying sub-account investments. You should refer to and carefully read the terms and conditions of the insurance contract and prospectus provided by the insurance carriers for more specifics regarding your participation, investment rights and obligations for the various insurance products offered under the Program. Please also review Items 10 and 14 regarding the affiliation between SII, JNL, JNLNY and their affiliates who may provide services under this Program.

#### **Maxim Program**

Under the Maxim Program, our Advisors provide investment advisory services to clients based on the client’s Investment Profile in the same manner as described above for the Advisor Solutions Program. However, the Advisor may elect to use one or more alternative broker-dealers other than Pershing LLC (“Pershing”) to execute securities transactions, custody client assets, and service client accounts, as explained in more detail under Item 12 below. As a result, performance reporting and the level of other account services may be unavailable or more limited for clients with Maxim Program accounts than electing to establish an account at Pershing with which SII has a more formal arrangement as an introducing broker-dealer.

### **Third Party Asset Manager Program**

This Program offers a wide spectrum of investment strategies given the diverse range of TPAMs available under the Program. More specifically, the Program offers the ability to choose from investment strategies that range from an academically-based, traditional, passive implementation to a very quantitatively-based, active, tactical management strategy. The TPAMs are independent money managers unaffiliated with SII through arrangements we have negotiated based upon the TPAM being selected to participate in our Program. In addition, SII has certain arrangements with TPAMs under which your Advisor may manage your investments using the TPAM's asset management platform (or "TAMP"), rather than doing so through our WealthONE® platform.

TPAMs are selected by SII based on these firms satisfying our due diligence review process and various requirements. In limited situations, we may waive certain of these requirements and may also limit the services provided by some TPAMs to a "service only" relationship, under which no new client assets are placed under the TPAM's management.

Under these Programs, SII and your Advisor do not generally exercise any investment discretion relative to your investments. However, an exception exists under limited situations in the case of discretionary TAMP platforms which enable your Advisor to actively use a TPAM's investment platform to manage your account, rather than delegating portfolio management or selection responsibility to a TPAM, as further explained below.

TPAMs typically manage the assets you elect to invest with them (your "Portfolio") by using model investment portfolios they construct and manage in accordance with specific investment policies and strategies associated with each of their respective models. The TPAM will also generally arrange for custody of your assets, facilitate cashing requests, execute trades, and generally manage your funds pursuant to your separate agreement with the TPAM and the TPAM's Form ADV, Part 2A disclosure brochure.

The investment strategies and types of investments utilized by each of the TPAMs participating in the Program vary, and we will recommend a specific TPAM based on the Investment Profile provided by clients. SII contacts clients at least annually to determine whether there have been any changes to their Investment Profile, and we remind clients to notify us of any such changes on a quarterly basis. TPAM Program services include investment portfolio analysis, asset allocation modeling and analysis, trade execution, performance monitoring, portfolio reporting and other related investment services, although the level of such services provided by SII may vary depending upon the type of TPAM Program.

TPAM Program arrangements fall into one of three categories—Sub-Advised, Solicitor or TAMP Platform based arrangements. The type of Program arrangement will dictate our legal relationship with you and the TPAM you select, as well as the level of servicing we provide.

- a. Sub-Advised TPAMs.** Under Sub-advised arrangements, we serve as your primary investment advisor and serve as a fiduciary in accordance with the Investment Advisers Act of 1940 ("Advisers Act"). However, investment management is delegated to the TPAM as a sub-advisor responsible for managing your Portfolio. Our role may involve the provision of specific investment advice or recommendations regarding investments in your Portfolio, in addition to ongoing supervision and

monitoring of your Portfolio's performance and assistance with administration of your TPAM relationship and Portfolio.

- b. Solicitor TPAMs.** Solicitor arrangements involve our referral of you as client to a TPAM, which is solely and exclusively responsible for providing ongoing investment advice and management services to your Program Portfolio. In our role as a solicitor under such an arrangement, SII is compensated for referring you to a TPAM to manage your Portfolio, and for assisting in the establishment and ongoing administration of your TPAM relationship and Portfolio. Solicitor arrangements are also governed by the Advisers Act, however, we do not provide ongoing investment advice or serve as a fiduciary under such an arrangement with respect to management of your Portfolio. If you select a TPAM with which we have a solicitor-based arrangement, you will receive a Solicitor Disclosure Form outlining further details of our arrangement with the TPAM.
- c. TAMP Platforms.** As noted above, certain TPAMs may make their proprietary asset management platform available to SII enabling your Advisor to either (i) select among a range of model investment portfolios managed by various other TPAMs made available through these platforms or (ii) personally manage your investment portfolio using the TPAM's technology platform and investment tools. Under these arrangements, the TPAMs do not provide investment advice, have a direct relationship or act as a fiduciary to clients, and the model portfolios are managed at an omnibus level without regards to your personal Investment Profile. However, your Advisor will consider such in recommending or selecting a particular model portfolio on your behalf and will monitor its performance and periodically consult with you to ensure it remains suitable with your Investment Profile. In some cases, the account opening documentation and agreement presented to you by a TPAM may grant your Advisor additional authorizations beyond those outlined in your advisory agreement with SII, such that you should carefully review these documents to ensure they correspond with your intentions.

Under each type of TPAM Program, clients enter an agreement with SII outlining our role and responsibilities. Clients also enter an agreement with the TPAM that typically provides the TPAM with trading discretion to determine which products to purchase, sell and/or exchange on behalf of clients without having to obtain client approval for each transaction initiated. Upon request, Advisors are available for periodic consultations with clients regarding the TPAM's management of their account.

Since each TPAM is uniquely structured with different investment products, please ensure that you carefully review (i) the TPAM's Form ADV Part 2A and 2B or alternate disclosure brochure for specific Program descriptions, (ii) the TPAM's client agreement for specific contractual terms, and (iii) any additional disclosure or offering documentation provided by the TPAM related to its services or investment products. Among other important information, the TPAM's Form ADV Part 2A and 2B or alternate disclosure brochure will have specific information describing: methods of analysis and investment strategies, conflicts of interest, disciplinary actions, fee calculation and deduction, fee schedules, refund policies, minimum account sizes, termination procedures, and proxy voting policies (which may permit you to nominate the TPAM to exercise voting rights regarding your investments). You should also be aware that certain TPAMs may utilize back-tested hypothetical performance



modeling in marketing materials which attempt to estimate the potential performance of their investment products based on past performance of selected investments. Please note that these types of performance projections are created retroactively with the benefit of hindsight, and do not reflect actual investment results or guarantee future results.

You may obtain a copy of each TPAM's Form ADV Part 2A providing the same information contained in this brochure by visiting [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or upon request from the TPAM. You may also request Form ADV Part 2B from the TPAM which contains detailed information about the individual TPAM representative(s) who will be responsible for managing your assets.

### **Individual Investment Approach: Investment Profile**

The investment advisory services we offer to each client will vary in type and complexity, depending on a client's individual investment goals and circumstances. Generally, our services begin with your Advisor gathering information from you regarding your financial situation, goals, and objectives, including information regarding your investment time horizon (this is the length of time before you intend to sell your investments), risk tolerance (certain investments are more risky than others), and other factors that may be relevant to your situation, which we refer to collectively as your "Investment Profile." This information assists your Advisor with determining the level of servicing and which investments are most appropriate to recommend or select on your behalf. It is important that you provide accurate and complete responses to the questions asked by your Advisor in developing your Investment Profile, and that you promptly update any subsequent changes to this information. Your Advisor will also periodically meet with you no less than annually to discuss whether any changes have occurred that may impact your Risk Profile to ensure that it remains up to date.

### **Client Exclusions and Security Restrictions**

Clients may request reasonable restrictions on the types of investments purchased on their behalf, based on either general social categories or specific securities, although this may impact the performance of their accounts in comparison to those without the same restrictions.

### **Assets Under Management**

SII has \$4,121,488,030.21 in discretionary assets under management and \$159,749,296.42 in non-discretionary assets under management, calculated as of December 31, 2016.

## **Item 5. Fees and Compensation**

### **Guaranteed Income Solutions**

A "Program Fee" is charged for participation in this Program as negotiated with your Advisor. Fees will be billed in advance monthly and deducted from your account based on the below Maximum Program Fee Schedule, according to the fair market value of your account(s) as reported by the insurance carrier. The Program Fee will automatically be deducted from either from the brokerage account you may maintain through our clearing firm arrangement, or via ACH transfer from such other account that you may designate.

Program Fees are applied by asset tier per account with each successive level achieved receiving the lower fee stated on the Fee Schedule (also referred to as a "blended rate"). Your

actual Program Fee will be determined and outlined within the Asset Management Services Agreement between you and SII, which you will receive and sign separate from this Brochure. As further described below, please note that while the below maximum fee amounts are the most that you will be charged for our services, additional fees may be assessed by the insurance carriers and for other services you may receive.

A portion of the Program Fee is applied towards platform administrative costs relative to SII providing access to the Program, and is deducted from the Program Fee amount that is paid to your Advisor. All fee arrangements are negotiable and SII may agree to waive or reduce its Program Fee or any other applicable fees or costs either on an ongoing or a one-time basis.

Maximum Tiered Program Fee Schedule	
Portfolio Value	Annual Fee
Up to \$49,999.99	2.00%
\$50,000 - \$249,999.99 (next \$199,999.99)	2.00%
\$250,000 - \$499,999.99 (next \$249,999.99)	2.00%
\$500,000 - \$999,999.99 (next \$499,999.99)	1.75%
\$1,000,000 - \$1,999,999.99 (next \$999,999.99)	1.50%
\$2,000,000 - \$4,999,999.99 (next \$2,999,999.99)	1.25%
\$5,000,000+	1.00%

**Householding.** Your account(s) may be eligible for additional discounting based on account type and combined household assets invested within the Program having the same address of record within the Program.

**Additional Fee Calculation Information.** The initial fee for the first calendar month in which a client participates in the Program shall be calculated beginning the day after initial assets are deposited in the Program, and is debited the following month along with the fees for the next calendar month. Fees are subsequently calculated at the beginning of each calendar month, based on the fair market value of your account on the last business day of the prior calendar month. Additionally, if you deposit assets with a market value of ten-thousand dollars (\$10,000) or more in your Account on any given day after the beginning of a new month, the amount of such deposit shall immediately become subject to an additional pro-rated fee in accordance with the agreed upon Program Fee Schedule. You shall be entitled to a fee rebate calculated in the same manner if account assets are withdrawn in excess of this amount on any given day.

**Withdrawal from the Program.** You may terminate your participation in the Program at any time upon written notification to SII or your Advisor, subject to any termination fees set forth in the fee schedules in addition to certain administrative fees that may apply, as applicable, such as those imposed by the government, IRA fees or wire transfer fees. You will receive a pro-rata refund of any Program fees which you have pre-paid for any period subsequent to any such termination.

**Early Termination Fee.** If a client terminates their relationship with SII within the first twelve months, an administrative fee of \$100 may apply at our discretion to offset associated termination costs. Any prepaid fees will be refunded to the client on a pro-rata basis in the event of termination.

**Carrier, Insurance Product, Mutual Fund and Miscellaneous Fees.** The Program Fees payable to SII for participation in the Program are separate from additional fees which are payable to the insurance carrier or pursuant to the terms governing the insurance products. SII reserves the right to pass on to you all fees and other charges imposed by the carrier, the insurance products and/or any related transactions in connection with your account, including without limitation, transaction costs associated with trading activity in your account, costs associated with insurance carrier riders or benefits, servicing fees such as termination fees, ACAT fees (which apply to the transfer of assets between financial institution accounts), wire transfer fees (which apply to the transfer of cash between financial institution accounts) and such other fees that may apply. In addition, there may be tax effects relating to fund share redemptions or the cancellation of policies made by or on behalf of clients, as well as deferred sales charges or redemption fees where underlying sub-account investment positions are sold prior to the expiration of a specified holding period.

Mutual funds typically have internal fees and costs which are not assessed by SII and will not appear on your account statement, such as internal management fees for mutual funds charged by the fund manager, which can impact the returns on your investments as an internal operational expense assessed by the investment sponsor for managing the investment. Higher internal operating expenses will generally have an adverse impact on the rate of return to investors. We encourage you to consult your Advisor and/or the prospectus, insurance contract, and any related fee schedules provided by the insurance carrier for the respective insurance products and underlying mutual funds, for more information regarding their fees.

**Maxim Program Account Fees.** The above Maximum Program Fee Schedule and billing practices for Guaranteed Income Solutions also apply to this Program. However, these may be payable quarterly either in advance or at the end of each quarter, depending on the arrangement agreed upon between the Advisor and client. The custodian with which client assets are custodied will determine the fair market value of client assets for fee calculation purposes, and invoices will be prepared and delivered directly by the Advisor as opposed to SII performing this function.

**TPAM Program Fees.** These are assessed directly by the TPAM in accordance with their respective billing terms with a portion of the total fee being paid to SII and your Advisor, with our portion remaining subject to the Maximum Program Fee Schedule listed above for Guaranteed Income Solutions. TPAM fees are detailed in the respective TPAM's client agreement, fee schedule and/or Form ADV, Part 2A disclosure brochure and are not determined by SII. TPAM fees may be calculated based on either: (i) the fair market value of the assets being managed or (ii) on a performance-based fee criteria, depending on the TPAM Program. For TPAMs under our Solicitor Program, you will receive a separate disclosure outlining the specific fee arrangement at account opening.

**Compensation for the Sale of Securities—Conflicts of Interest.** SII and our Advisors may receive direct and indirect forms of compensation related to the sale of investment products and services to clients. The receipt of this type of compensation presents a conflict of interest and gives us an incentive to recommend investment products or a Program involving the sale of such investment products based on the compensation received, rather than on a client's needs.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

SII does not permit its Advisors to be compensated based on a share of the capital gains or capital appreciation of Program assets in a client account, also known as performance-based fees.

## **Item 7. Types of Clients**

With respect to the Program, we provide advisory services to clients that include individuals, trusts, pension plans, and corporate entities.

You are required to have an Advisor to participate in the Program. If your Advisor terminates his or her participation in the Program or you terminate your relationship with your Advisor, we may recommend a replacement Advisor for you to serve as your interim Advisor until a replacement can be found. If SII is required to provide intermediary services related to a client's participation in the Program in the absence of an Advisor or waive the account minimum for a client, we may retain a portion or all of the fees that would otherwise be payable to the Advisor. If you are unable to find a replacement Advisor with SII's assistance, we have the right to terminate your participation in the Program.

**Benefit Plan Accounts.** Program accounts may be established for (a) employee benefit plans described in Section 401(a) or 403(a) of the Internal Revenue Code of 1986, as amended (the "Code"); (b) individual retirement accounts or annuities as defined in Section 408 of the Code ("IRAs"); or (c) other plans or arrangements subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 4975 of the Code (collectively, "Benefit Plan"). We provide Services to responsible plan fiduciaries or their designees, as well as participants of self-directed retirement plans. For plan level arrangements, an investment strategy is chosen by an independent fiduciary that is responsible for overseeing the respective Benefit Plan (or the Benefit Plan participant for certain self-directed participant accounts, IRAs or other accounts that do not have independent fiduciaries). The selected Model Portfolio and restrictions, if any, then serve as the Investment Policy Statement for the Program account. We do not serve as the trustee or plan administrator for any Benefit Plan.

For Program accounts established for Benefit Plans, the investments and fees under the Program are intended to comply with applicable exemptive relief under ERISA and the Code permitting our receipt of such fees. In connection with that relief, as it applies to arrangements involving the furnishing of services to Benefit Plans that are "covered plans" within the meaning of U.S. Department of Labor Regulation §2550.408b-2(c)(1)(ii), the following disclosures are provided:

- The Services provided under the Program are described in your investment advisory account agreements with SII, together with this Brochure.
- In providing Services under the Program, SII is acting as an investment adviser registered under the Investment Advisers Act of 1940, as amended.
- In providing Services under the Program, SII is also acting as a fiduciary (within the meaning of Section 3(21) of ERISA) with respect to the Program.
- The “direct compensation” (within the meaning of U.S. Department of Labor regulation §2550.408b-2(c)(1)(iii)(D)(2)) that SII (together with our Advisor) expects to receive in connection with the provision of services under the Program consists of the Program Fee, as described under Item 4 of this Brochure and within the Fee Schedule to your investment advisory agreement with us. As noted under “Miscellaneous Fees” of Item 4, you may also pay various fees for special services that are not covered by the Program Fee, a portion of which may be paid to SII in certain situations. A detailed list of these fees is available through your Advisor. SII does not expect to receive any “indirect compensation” under the Program (within the meaning of U.S. Department of Labor Regulation §2550.408b-2(c)(1)(iii)(D)(2). In the case of insurance products offered by Jackson National Life Insurance Company under the Guaranteed Income Solutions Program, and affiliate of SII, our related entities receive a portion of fees paid relative to the insurance products as further described under Item 14 below.
- Upon termination of your participation in the Program, you will receive a pro-rata rebate of any Program Fees which have been paid in advance.
- Neither SII, our Advisors nor our respective affiliates or subcontractors provide recordkeeping services under the Program.
- If you are an individual account plan (as defined in Section 3(34) of ERISA) that permits participants and beneficiaries to direct the investment of their accounts and one or more designated investment alternatives for the plan is provided through the Program, you will be provided a copy of the prospectus or other offering materials for each such designated investment alternative that describes (i) any compensation charged directly against investment in the designated investment alternative; (ii) the total annual operating expenses for the designated investment alternative, expressed as a percentage and calculated in accordance with U.S. Department of Labor §2550.404a-5(h)(5); and (c) any other material information that is required for the administrator of the plan to comply with the disclosure obligations described in U.S. Department of Labor §2550.404a-5(d)(1).
- If there is any material change to information described in the above Benefit Plan disclosures, to this Brochure more generally or in relation to your investment advisory and brokerage agreements with SII, you will be notified of such change within at least thirty (30) days from the date on which we learn of the change.

- For retirement plan sponsors, we will arrange, upon the reasonable request of your independent plan fiduciary or plan administrator, to furnish any other information relating to the compensation received in connection with the furnishing of Services under the Program that is required for you to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms, and schedules issued thereunder.

**Funding Your Account.** You have four choices to fund your account: (1) check, (2) wire transfer, (3) an ACH (Automated Clearing House) deposit, and (4) an ACAT (Automated Customer Account Transfer Service) transfer. You may send a personal check drawn on a domestic bank account made payable to the Custodian or a wire transfer. If you open your account or make a contribution to an existing account with a check, you will not be able to withdraw or liquidate your account for ten (10) calendar days following the date of deposit to provide for proper check clearance. You can also establish an ACH deposit by completing an ACH Deposit Authorization Agreement when you set up your account. This process may take up to ten (10) business days to complete before we are in a position to receive your deposit and invest your assets in the Program. Finally, you can fund your account by transferring assets from your existing brokerage firm or bank through the execution of an ACAT transaction to the Custodian. Generally, ACATs are a full “transfer-in-kind” of all securities and cash in your account. You should understand that all or a portion of these securities may be sold either at the initiation of, or during, the course of managing your Model Portfolio account and that we do not necessarily manage all securities that you have transferred to fund your account.

Funding may also be subject to reasonable requirements based upon regulations or operational limitations. We urge you to work closely with your Advisor to coordinate the funding and transfer of assets. There are certain limitations as to the type of checks and securities that are acceptable, as well as additional documentation that may be necessary to complete the funding or transfer. We will begin acquiring securities for your account once your funds and securities are converted and ready for investment. Custodian will sell securities received and the resulting proceeds will be invested in your Program account, which may take up to ten (10) business days. You should consult your tax advisor regarding the potential tax impact of this action.

**Minimum Investment.** The minimum amount required to establish and maintain an account will vary depending upon the Program and investment options selected. Guaranteed Income Solutions Program accounts generally require an initial investment of at least \$25,000 to participate in the Program, although this amount may vary depending on the respective carriers’ policies. TPAM Program accounts minimum requirements also vary according to each TPAM. Typically, account minimums range from \$50,000 to \$250,000 although they may be lower in some cases. Other terms may apply to account opening and maintenance, as outlined in the TPAM’s client agreement.

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

The type and scope of investment advice provided by your Advisor has the potential to vary significantly depending upon their individual investment philosophy, strategy, experience

and reliance on qualitative vs. quantitative analysis. In addition to providing general portfolio management, some Advisors also specialize in offering tax efficient investment advice, retirement consulting services or general financial planning. For these reasons, it is important that you discuss and confirm the specific investment approach and services to be provided by your Advisor, and to ensure such meets with your investment objectives and needs. As outlined under Item 4, your Advisor will tailor their investment advice and services to your investment objectives and needs based on your Investment Profile. The range of investment options available under our Programs ensure that a personalized investment solution can be identified and created according to your Investment Profile.

Our Advisors rely on a number of tools to assist in recommending or selecting an investment strategy to clients, including asset allocation and portfolio modeling software that assists with their analysis of investment options when recommending or purchasing investments for your portfolio. Although our advisory services are generally designed for long-term investing in which investment positions are maintained for a longer period of time (also referred to as “strategic” investing), short-term investment strategies that aim to take advantage of frequent market movements (also referred to as “tactical” investing) may also be made available to accommodate certain circumstances. Investment returns, particularly over shorter time periods, are highly dependent on the value of securities within an investment portfolio which are impacted by trends in the various investment markets.

Under the TPAM Program, each TPAM will have its own methods of analysis, investment strategies and unique investment risks that should also be reviewed and considered. The TPAMs selected to participate in the Program are subject to a thorough review process and evaluation, including both a qualitative and quantitative analysis subject to our detailed review standards. Through an arrangement with our parent company, National Planning Holdings, Inc. (“NPH”), SII relies on a dedicated NPH Due Diligence Team of specialized financial analysts to assist with the initial and ongoing assessment and monitoring of the TPAMs and their investment management services. The analysis consists of speaking with prospective and participating TPAMs, conducting periodic on site due diligence visits, and reviewing for stability by evaluating their ownership and financials, regulatory history, the background and experience of investment and trading personnel, the investment infrastructure, total assets under management, existing product and custodial relationships, growth strategies, compliance processes and level of commitment to our Program.

The NPH Due Diligence Team presents its analysis and recommendations to SII’s senior management who are responsible for approving, removing, and the general monitoring of TPAMs participating in the Program. Reasons for removing a TPAM include a change in the investment style or processes employed by the TPAM, a change in their key personnel, and inferior performance as compared to applicable investment benchmarks, peer portfolio managers, or investment advisors with comparable investment styles. We will promptly notify you if we elect to replace the TPAM responsible for managing your investment Portfolio.

**Investment Risks.** Investing in securities and other investment products involves inherent risks, including the possible loss of the total principal amount invested. Although we seek to achieve the investment objectives and financial goals, past investment performance does not guarantee future results and we are unable to make any guarantees to clients with respect to avoiding monetary losses. These risks apply to both strategic long term and shorter term

tactical approaches to investing. There will also be differences in the holdings and results of client accounts having principally the same investment allocation strategies but different TPAMs. Clients should carefully read the terms of all agreements, product offering documents and related disclosures provided either by SII, TPAMs or product sponsors to better understand the risks associated with each Program and/or the particular investment product(s) under consideration.

## **Item 9. Disciplinary Information**

The disclosure requirements of this document require that SII disclose the following disciplinary information for your consideration:

**December 23, 2014 Florida Department of Financial Services administrative penalty of \$5,500** – SII entered into a Consent Order for failure to timely file applications for certain branch locations engaged in the business of insurance as required by Section 626.112(7) of the Florida Statutes.

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

SII is an indirect, wholly owned subsidiary of Prudential plc, an international financial services group with operations in the United Kingdom, Europe, Asia, and the United States. We are affiliated by common ownership with a variety of financial services companies, including the following:

### **Broker-Dealers**

Investment Centers of America, Inc. ("ICA"), IFC Holdings, Inc. d/b/a INVEST Financial Corporation ("IFC"), National Planning Corporation® ("NPC®") and Curian Clearing, LLC are each registered as a broker-dealer and/or an investment advisor with the SEC and various state securities agencies, and each is a member firm of the Financial Industry Regulatory Authority ("FINRA").

Jackson National Life Distributors LLC ("JNLD") is a broker-dealer registered with the SEC and member firm of FINRA. JNLD acts as principal underwriter of variable insurance products issued by Jackson National Life Insurance Company® ("JNL®") and Jackson National Life Insurance Company of New York® ("JNLNY"). See also "Insurance Companies/Investment Companies" below.

Certain of our executive officers and directors also serve as officers and/or directors of these affiliated entities.

### **Insurance Companies/Investment Companies**

JNL® and JNLNY issue variable annuity and life insurance products that are registered under the Investment Company Act of 1940, as amended. The separate accounts of JNL® and JNLNY that issue variable products are similarly registered as investment companies.

Brooke Life Insurance Company® is an insurance company offering traditional life insurance and annuity products.

### **Investment Advisors**



ICA, IFC, NPC®, and Curian Capital, LLC are each affiliated with SII and investment advisors registered with the SEC.

Jackson National Asset Management, LLC® (“JNAM”) is an investment advisor registered with the SEC that serves as investment advisor to: the JNL Series Trust, the JNL Investors Series Trust, the JNL Variable Fund, LLC, the JNL Variable Fund III, LLC, the JNL Variable Fund IV, LLC, and the JNL Variable Fund V, LLC and (with respect to JNLNY) the JNLNY Variable Fund I, LLC, and the JNLNY Variable Fund II, LLC.

PPM America, Inc. (“PPM”) is an investment advisor registered with the SEC that serves as the investment manager for the general accounts of JNL® and JNLNY and as a sub-advisor to certain series of the JNL Series Trust and JNL Investors Series Trust. M&G Investment Management Ltd. is also a registered investment advisor that offers advisory and investment management services to investors, institutions, trusts, and investment companies.

#### **Referrals to Other Investment Advisors; Conflicts of Interest**

As explained in greater detail below under Item 14, we may receive compensation for recommending or selecting both affiliated and unaffiliated investment advisors to provide investment products or services to clients. SII monitors the sales practices and all forms of direct and indirect compensation received by our Representatives to ensure they are acting in compliance with SII’s policies and procedures which are designed to prevent abuses, and to ensure that compensation is within industry standards and compliant with securities laws, rules and regulations.

### **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

SII maintains a Code of Ethics in compliance with SEC requirements that is available upon request from SII or your Advisor. The Code of Ethics applies to all SII Advisors and covered personnel and is designed to ensure we fulfill our fiduciary duty to clients by always acting in their best interest, avoiding conflicts of interest, and maintaining a strong culture of compliance by following all securities laws, rules and regulations. Among the specific areas addressed by our Code of Ethics as it relates to our Advisors and covered personnel are:

- Pre-approval and reporting of personal securities transactions;
- Restrictions on initial public offering and private placement purchases to prevent unfair investment advantage;
- Insider trading prohibitions to prevent use of non-public information for unfair investment advantage;
- Reporting of gifts and business entertainment; and
- Penalties assessed for Code of Ethics violations to ensure its enforcement.

Although SII does not generally engage in principal transactions (where we enter a purchase or sale of securities with clients on behalf of our own account) or cross-agency transactions (where we broker the purchase or sale of securities between advisory clients), we may recommend or select certain insurance products which are sponsored by our affiliate, Jackson National Life Insurance Company. To assist with mitigating conflicts of interest, we closely monitor our Advisors’ sales practices and all forms of direct and indirect

compensation received to ensure they act in compliance with our policies and procedures, industry standards, and all securities laws, rules and regulations governing sales compensation practices.

**Guaranteed Income Solutions—Jackson National Life Insurance Company.** This Program includes insurance products offered by JNL and JNLNY, which are distributed by JNLD and offer sub-accounts that are advised and administered by JNAM, which may also include sub-accounts that are further sub-advised by PPM (as such entities are defined in Item 10 above), each of which are affiliates of SII. If considering investment in a JNL or JNLNY insurance product, you should be aware of these affiliations and the conflict of interest such presents, since the sale of these products results in internal operational, management and administrative related fees generally associated with insurance products being payable to SII's affiliates, rather than to a third party service provider(s). We encourage you to request a copy of the applicable prospectus or offering document for each insurance product you may consider for investment under the Program to compare their respective costs.

**Competing Transactions.** SII, our Advisors and our affiliates will have a conflict in our role as an investment advisor for other clients and our own accounts to the extent we initiate competing securities transactions for these clients or our own accounts. The investment actions taken may also differ from the recommendations or selections we provide to you. We are not obligated to acquire for your account any investments that we purchase on behalf of other clients or our own accounts, and you shall have no first refusal, co-investment, or other rights in any such investment. However, we strive to act in good faith and attempt to allocate investment opportunities to you over a period of time on a fair and reasonable basis relative to other clients and our own accounts, and based on your Investment Profile.

## **Item 12. Brokerage Practices**

SII does not select the broker-dealers designated to effect securities transactions under the Program. Rather, these arrangements are determined by the insurance carriers and TPAMs and vary according to their respective program offerings. These arrangements are assessed during due diligence process as a general consideration but the respective product or program sponsor is responsible for best execution and related obligations. Please consult their applicable disclosure documents for additional details regarding their brokerage and best execution practices.

### **Maxim Program**

Clients participating in the Maxim Program may establish accounts at Pershing, TD Ameritrade Institutional Services (a division of TD Ameritrade, Inc.), Schwab Institutional (a division of Charles Schwab & Co., Inc.), Fidelity Investments, or TIAA-CREF Individual & Institutional Services, LLC. If a client neither designates a broker-dealer nor uses SII's available broker-dealer services, SII will direct security transaction orders for the client's portfolio to a broker-dealer selected by SII, based on terms we deem acceptable and beneficial to the client, consistent with our "best execution" obligations.

Under our TPAM Program, the TPAM is responsible for determining best execution and typically predetermines the broker-dealer relationship as should be detailed in the TPAM's disclosure documents and agreements, which should be carefully reviewed by clients.

### **Research and Other Soft-Dollar Benefits**

SII does not allocate or direct brokerage transactions to the broker-dealer executing client transactions based on our receipt of investment research or related products or services (referred to as “Soft-Dollar Transactions”).

### **Item 13. Review of Accounts**

SII’s home office personnel, our Office of Supervisory Jurisdiction Branch Managers (referred to as “OSJs”), and our Advisors monitor and provide ongoing review of client account activity to identify situations that may warrant either a more detailed review or specific action on behalf of our clients. These reviews may be triggered by concerns regarding the suitability of investments in relation to a client’s Investment Profile, account inactivity and high concentrations in individual securities, among other factors. In turn, SII and its OSJs monitor our Advisors’ activities and, where appropriate, may change or recommend a change of an Advisor for a client’s account. The extent to which we provide similar services for TPAM Program accounts may be slightly more limited depending upon whether the arrangement is sub-advised or solicitor based in nature and due to transactions occurring away from our trading platform—please consult with your Advisor to confirm the contemplated level of servicing you will receive for TPAM accounts.

For our Guaranteed Income Solutions Program, we will provide you with quarterly performance reports that are generated by the third party platform technology provider for the Program. Although SII does not verify the accuracy of individual performance reports and these are not intended to replace information contained in periodic account statements received from the custodian of your investments, the performance reporting process is subject to a general review by SII to verify its ongoing compliance with industry standards. Further details regarding the specific performance reporting methodology are outlined within the performance reports that are provided to you. Similar reports may be made available to you by TPAMs depending upon their arrangement with you.

You will also receive account statements at least quarterly from the applicable custodian of your investments that include such information as securities positions and values, changes in those values, transactions, and the movement of funds occurring during the reporting period. The account statements you receive from the applicable custodian are your official account statements. Please compare the information contained in these account statements with any other account statements or reports you may receive from your Advisor, and promptly report any discrepancies to SII’s attention.

Your Advisor will contact you at least annually to discuss and verify that your Portfolio remains consistent with your Investment Profile information, to confirm any investment restrictions on file with us, and to obtain any new or updated information concerning your financial situation that may reasonably be expected to affect our advice concerning your Program account. For retirement plan clients, our Advisor will contact the plan’s representative(s) at least annually to discuss and verify that the plan investment options remain suitable together with the plan’s funding goals.

## Item 14. Client Referrals and Other Compensation

**Referral Arrangements.** SII may utilize the services of approved individuals who act as solicitors for purposes of referring clients to us in accordance with SEC regulations and applicable state securities law. These solicitors will generally be paid a portion of the ongoing investment advisory fee charged to the client by SII and our Advisor, and shall remain subject to the same advisory fee schedule as non-referred clients, as set forth above. These solicitation arrangements are required to be disclosed to clients at the time of the referral in a document outlining SII's solicitation compensation arrangement with the particular solicitor.

**Premier Product Marketing Programs.** In compliance with applicable securities laws, rules and regulations, and upon entering into an agreement with the product sponsors of certain insurance products available under our Guaranteed Income Solutions Program, we may recommend certain investment products where (i) SII receives revenue sharing payments or other forms of indirect compensation as a result of a client's investment in such investment products or (ii) in the case of Jackson National Life Insurance Company products, SII's affiliates receive compensation as a result of the client's purchase of the investment product.

These payments to SII are not generally shared with our Advisors and may vary depending on the arrangement with SII. Clients should be aware that this presents a conflict of interest because we have a greater incentive to recommend investments that provide greater compensation to SII or its affiliates. For more information, please see the "Premier Sponsor Program and Revenue Sharing Disclosure" contained on SII's website at [www.sionline.com](http://www.sionline.com) under "Disclosures."

**Premier TPAM Marketing Programs.** SII receives marketing support payments from the certain TPAMs for promoting and administering the sale of their products and services. These payments present a potential conflict of interest because we have a financial incentive to recommend their products and services versus those of other TPAMs from which we do not receive similar support. However, these payments are not shared with your Advisor and are limited to annual flat dollar amounts that are not calculated or contingent upon specific asset amounts being directed to a particular TPAM, to minimize conflicts of interest. For more information, please see the "TPAM Premier Sponsor Program and Marketing Support Payments Disclosure" contained on SII's website at [www.sionline.com](http://www.sionline.com) under "Disclosures."

**Due Diligence Fees.** SII conducts an initial and ongoing due diligence review of the TPAMs selected for participation in our TPAM Program to ensure they satisfy our approval requirements. SII may collect a fee from TPAMs that participate in our TPAM Program in an effort to defray all or a portion of the costs we incur conducting these reviews. This fee is paid to SII regardless of whether or not we ultimately decide to approve a particular TPAM for inclusion in our TPAM Program. SII does not charge due diligence fees to TPAMs participating in its Premier TPAM Program (please see "Premier TPAM Program and Revenue Sharing" description immediately above), and we may also agree to waive due diligence fees for other TPAMs at our discretion.

**Program Compensation May Vary.** Compensation to SII, including your Advisor and certain home office personnel, varies according to the advisory Program in which you participate.

The compensation received by SII and these individuals for certain Programs may be more than what we would receive if you participated in another Program or obtained the services directly from the product sponsors. This may provide a financial incentive to recommend a particular Program that pays us a higher amount of compensation than other Programs or services.

**Home Office Employee Incentives.** SII may provide performance-based compensation to certain of its home office employees related to their promotion of our WealthONE Program which generally generates more revenue for SII as compared to other programs. These performance-based payments are provided in connection with their promotion and any resulting investment of client assets by our Advisors to our internal and proprietary WealthONE Program. These incentives create a conflict of interest for our home office employees in promoting internal programs that may result in your Advisor having greater exposure to and marketing support related to our internal WealthONE® Program in comparison to other unaffiliated programs that may offer similar services.

**Recruiting Incentives.** SII may offer certain of its Advisors recruiting and retention incentives to affiliate with SII in the form of a loan which is forgivable based on their achieving annual revenue targets over several year periods. This creates a conflict of interest since these Advisors may be incentivized to recommend or select investment products and services that may be more expensive than other available products and services, in an effort to achieve their revenue requirements. These incentives are customary in the industry and are offered in compliance with applicable securities laws, rules and regulations.

**TPAM Related Conflicts of Interest.** Some TPAMs may have a conflict of interest relative to their managing similar strategies and making competing investment and trading recommendations for other clients involving the same investments held in your Portfolio. Some TPAMs may have a business relationship with the sponsors of certain investments maintained in your Portfolio, the custodian and/or other services providers which might influence their decision to utilize their products. TPAMs managing similar strategies for clients are not required to acquire, hold and sell the same security for all of their clients. Additionally, trades placed for you may be subject to price movements that may result in you receiving prices that are less favorable than those obtained by the TPAMs for other client accounts. This may result in potential differences between the performance returns of other accounts managed within a TPAM model investment portfolio compared to your account. We encourage you to request a copy of any TPAM's disclosure brochure should you wish to learn more about their potential conflicts of interest, as applicable.

## **Item 15. Custody**

SII will arrange for you to receive account statements directly from the independent qualified custodian of your account assets. These are your official account statements for valuation, tax and all other purposes. We encourage you to please review the transactions, positions and valuations for accuracy, and to compare this information with any account statements or performance reports you may receive from SII or your Representative. The information contained in your official custodial account statements may vary slightly with that contained in other statements or performance reports you receive, due to differences in the computing method, timing of calculation, and source of valuations. Any concerns should be immediately reported to the SII Compliance Department at (800) 426-5975. You may also contact the

respective custodians directly with related questions at:

**Pershing LLC**

One Pershing Plaza  
Jersey City, NJ 07399

**Charles Schwab & Co., Inc.**

211 Main Street  
San Francisco, CA 94104

**TD Ameritrade Institutional**

4075 Sorrento Valley Blvd.,  
Suite A  
San Diego, CA 92121

**Fidelity Investments**

P.O. Box 77002  
Cincinnati, OH 45277-0090

**TIAA-CREF Individual &**

**Institutional Services, LLC**

730 3<sup>rd</sup> Avenue  
New York, NY 10017-3206

## **Item 16. Investment Discretion**

As noted in Item 4, SII does not generally exercise investment discretion relative to your investments. However, in limited cases this option may be offered under certain TAMP arrangements, pursuant to a grant of a limited power of attorney in the TPAM's account opening documentation.

## **Item 17. Voting Client Securities**

When a client owns stock, they become a shareholder of that company that issues the stock. As a shareholder, clients may have the right to exercise a vote with respect to various corporate matters involving the management of the company in which they hold shares. Rather than doing so directly, clients may grant a "proxy" to enable another person or entity to vote on such matters on their behalf.

SII and its Advisors will not: (a) vote proxies related to any investments held in client accounts or (b) participate in any legal proceedings involving investments held in client accounts, or that involve the sponsors or issuers of any investments (including bankruptcy proceedings). Unless SII and the client make other written arrangements, SII will send all proxy and legal proceeding related documents it receives to the client so that the client may act upon the materials.

**For TPAM Program Accounts**, clients may have the ability to appoint the TPAM as their delegate to act on their behalf to vote proxies relating to any investments in their accounts. In these instances, SII will send all proxy and legal proceeding related information and documents it receives to the TPAM so that the TPAM may take whatever action it deems advisable.

## **Item 18. Financial Information**

SII does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus, has not included a balance sheet of its most recent fiscal year. SII is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has SII been the subject of a bankruptcy petition at any time during the past ten years.