

# **Triad Advisors, Inc.**

## **Pinnacle Wrap Fee Program Brochure**

SEC File No. 801- 55518

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<http://www.com>

March 31, 2012

**This Wrap Fee brochure provides clients with information about the qualifications and business practices of Triad Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at [www.com](http://www.com) or 770-840-6042. 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.**

Triad Advisors, Inc. is a dually registered investment adviser and broker-dealer. Registration of an Investment Adviser does not imply any level of skill or training.

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

## Material Changes

This brochure by Triad Advisors, Inc. dated March 31<sup>s</sup>, 2012 serves as a replacement to the Pinnacle Wrap Brochure dated November 30<sup>th</sup>, 2011. There are no material changes to this current edition of the Pinnacle Wrap Brochure. If there had been any material changes, they would be identified and discussed in this section. We may further provide other ongoing disclosure information about significant changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting your Investment Advisor Representative.

Additional information about Triad is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Triad who are registered, or are required to be registered, as investment adviser representatives of Triad Advisors, Inc.

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## Services, Fees and Compensation

**Client should read and consider the information contained in this brochure.**

**There is no assurance that the objectives of any client will be achieved.**

### *Advisory Services*

Triad Advisors, Inc. (“Triad”) is registered as both an investment adviser and a broker-dealer. Each client has an Investment Adviser Representative (“IAR”). IARs are generally broker-dealer representatives of Triad. In addition, the IAR is an advisory representative of Triad or is an advisory representative of an independently registered investment adviser.

If your IAR is a Triad IAR, Triad is providing advisory services to you in addition to brokerage and program services, as described in this brochure. If your IAR is acting as a representative of an independently registered investment adviser, that independently registered investment adviser is providing advisory services to you, and you will receive a disclosure brochure from that firm. For the purposes of this document, the term “Advisory Firm” refers to either Triad or the independently registered investment adviser whichever is providing advisory services to you.

Clients who wish to participate in the Pinnacle Program (“Pinnacle”) generally enter into a Pinnacle agreement. The Pinnacle agreement will set forth which Advisory Firm is providing consulting services to you.

Clients inform their Investment Adviser Representatives of the investment objectives, risk tolerance, and investment time horizon, and any investment policies, guidelines, or reasonable restrictions applicable to the assets they designate for investment through the Pinnacle Program. Based on this information, the IAR manages client accounts by purchasing and/or selling stocks, bonds, mutual funds, exchange-traded funds (ETFs), options, and insurance products. IARs generally manage the accounts in Pinnacle on a non-discretionary basis. This means that they will purchase or sell securities for accounts only as authorized by the client. Under certain circumstances, a client may grant the IAR discretionary trading authority over an account. This means that the IAR will buy and sell securities without consulting the client in advance.

Any restrictions on the management of an account imposed by a client may cause the IAR to deviate from the investment decisions or recommendations that the IAR would otherwise make with respect to the account.

### *Execution of Trades*

Triad Advisors will generally also act as broker-dealer.

### *Custody*

An unaffiliated entity acts as custodian for Pinnacle accounts. The custodian is named in the client’s agreement with the Advisory Firm, as applicable. In most cases National Financial Services, LLC (“NFS”) will act as custodian.

### *Fees and Compensation*

The client pays a quarterly Wrap Fee which is calculated based on a percentage of the value of the client’s account.

The maximum annual Wrap Fee rates are:

Portfolio Value		Annual Wrap Fee Rate
\$25,000	— \$250,000	2.75%
\$250,001	— \$750,000	2.25%
\$750,001	— \$2,000,000	1.75%
\$2,000,001 +		1.50%

The Wrap Fee rate may be either a flat annual fee rate (for example, a maximum rate of 1.50%) or will be a blended rate, using two or more of the rate tiers set forth above. A blended rate is calculated by charging a lower rate on the assets above the designated tiers. The rates are subject to negotiation between the IAR and each client. The Wrap Fee is negotiable based on a variety of factors, such as size and type of account, complexity, range of services utilized, etc.

Regardless of the actual quarterly Wrap Fee rate or the value of the assets in the accounts, the minimum fee charged to accounts in Pinnacle each quarter will generally be \$157. The imposition of the minimum fee may cause the effective Wrap Fee rate (expressed as a percentage) to be greater than the fee rates specified in the client's Pinnacle agreement.

Either party at any time, and upon written notice, may terminate the Pinnacle agreement and a pro rata portion of any Wrap Fee paid by the client in advance will be remitted to the client based on the number of days left in the quarter, following receipt of the notice of termination by Triad.

The Wrap Fee covers the advisory services provided by the Investment Adviser Representatives, execution of transactions through Triad, and custodial services provided by NFS (unless otherwise agreed between the custodian and the client).

The Wrap Fee does not cover:

Certain Performance Reporting Fees. The IAR may provide certain clients with quarterly performance reports and may charge a quarterly fee for these reports in addition to the Wrap Fee. The IAR will provide clients to be charged this fee with additional information about the fee, including the amount.

Other broker-dealer and custodian fees, costs and compensation. Other costs that may be assessed by broker-dealers or the custodian and that are not included in the Wrap Fee include: fees for transactions executed away from Triad, dealer mark-ups and spreads paid to market-makers. The Wrap Fee also does not cover fees and charges in connection with:

- debit balances
- margin interest
- odd-lot differentials
- IRA fees
- transfer taxes
- SEC fees or other fees or taxes required by law
- exchange fees
- wire transfers
- extensions
- non-sufficient funds
- mailgrams
- legal transfers
- bank wires
- postage
- foreign currencies

In addition, as broker-dealer, Triad may execute fixed income trades through Advisors Asset Management. Triad receives payments from Advisors Asset Management for having directed a volume of transactions to them for execution of orders for client accounts, which may include advisory accounts. This compensation does not affect the price that clients pay for securities or the transaction charges they pay. More information about these payments is available upon request.

Triad, as broker-dealer or custodian, may charge the client certain additional and/or minimum fees. In addition to the Program Fee, each mutual fund or ETF in which clients may invest also bears its own investment advisory fees and other expenses. The mutual funds available through Pinnacle may be available directly from the funds pursuant to the terms of their prospectuses and without paying the Wrap Fee or Manager fee.

Exchange-traded funds are also available outside of Pinnacle without paying the Wrap Fee or Manager fee, subject to applicable commissions and/or transaction charges. Further, to the extent that cash used for investment comes from redemptions of a client's mutual fund or other investments outside of the Program, there may be tax consequences or additional cost from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to the Wrap Fee on those assets.

Additional expenses associated with the specific underlying investment funds such as, redemption fees may apply. Certain mutual funds used in the Program may charge a redemption fee if shares are redeemed within a specified period of time. Clients may incur redemption fees in the event that a sell is executed or model update is implemented. Redemption fees vary by fund and are described in each fund's prospectus.

Investment Adviser Representatives may also actively trade option contracts or on margin for client's accounts, which could result in a high portfolio turnover ratio. Additionally, the use of margin may also result in interest charges as well as all other fees and expenses associated with the security or account involved.

Triad may receive distribution or service ("trail") fees from the sale of certain mutual funds (including money market funds) pursuant to a 12(b)-1 distribution plan or other such plan as compensation for distribution or administrative services and are distributed from the fund's total assets. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund's prospectus. Triad may also participate in revenue sharing arrangements based on fees charged on certain mutual funds available on various custodial/recordkeeper platforms. These revenue sharing payments could potentially lead an Investment Adviser Representative to focus more on products offered by firms that make revenue sharing payments to Triad than those firms that do not make such payments when recommending services to their clients. In addition, Triad receives compensation in connection with cash held in the account. Triad receives additional compensation from the custodian based on the value of credit balances in the accounts. If cash is swept into a money market fund, Triad receives compensation based on the value of assets in these funds as broker-dealer. Thus, Triad has an incentive to recommend that client select a money market fund as a sweep vehicle that pays more compensation to Triad than other funds.

Clients may purchase securities through broker-dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. An affiliate of Triad may act as an underwriter or manager for such offerings, and as such, will receive compensation equal to either all or a portion of “gross spread” (the difference between the price the client pays for the security and the price at which it purchased the securities). Triad may also receive a portion of the gross spread as a member of the selling syndicate. The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

Triad may share a portion of payments received from a mutual fund or in connection with an initial public offering, a secondary offering, and/or a private placement with IARs in their capacity as broker-dealer representatives of Triad. Thus, Triad IARs have an incentive to recommend certain mutual funds and to recommend purchases of securities in certain offerings because the IAR will receive more compensation in connection with these securities than in connection with other types of securities.

### ***Comparison Cost of Service***

The Wrap Fee may cost clients more or less than purchasing services separately depending on the frequency of trading in the accounts, commissions charged at other broker-dealers for similar products, fees charged for like services by other broker-dealers and other factors. Among the factors impacting the relative cost of the program to a particular client include the size of the account, the type of account (i.e., equity or fixed income), and the size of the assets devoted to a particular strategy.

Investment Adviser Representatives receive a portion of the total Wrap Fee charged per the client’s Pinnacle Agreement. This compensation may be more or less than what the IAR would receive if the client participated in other programs or paid separately for investment advice, brokerage and other services. The IARs may therefore have a financial incentive to recommend the Pinnacle Program over other programs or services. The Advisory Firm may also receive a portion of the Wrap Fee.

## **Account Requirements and Types of Clients**

### ***Account Requirements***

Triad does not impose an account minimum; however, accounts in the program generally have over \$150,000 in assets.

### ***Types of Clients***

Pinnacle is designed to assist clients, both individuals and institutions (such as pension and profit sharing plans, trusts, estates, charitable organizations, and corporations).

## **Portfolio Manager Selection and Evaluation**

IARs are the only portfolio managers available through Pinnacle. Clients select the IARs.

### ***Individual Needs of Clients and Restrictions***

IARs tailor their advisory services to the individual needs of the client. Clients inform their IARs of their investment objectives, risk tolerance, and investment time horizon and give their IARs any applicable

investment policies, guidelines, or reasonable restrictions. Clients may impose reasonable restrictions on the investments in their accounts, including designating particular securities or types of securities that should not be purchased for an account. Any restrictions imposed by a client may cause the IAR to make different recommendations than he or she would in the absence of such restrictions. Thus, the account may not perform as well.

### *Other Types of Accounts*

IARs may provide advisory services under different account structures. Although the services provided are generally the same under each structure, the pricing of each one is structure differently. In addition to the Pinnacle Wrap Fee program described in this brochure, Triad also offers the Crown, Apex and Summit accounts. Under these account structures, clients pay an advisory fee to Triad plus additional charges in connection with each transaction. Triad IARs may utilize these account structures as described in Triad's firm brochure, which is available upon request. Other Advisory Firms may utilize these account structures as described in their firm brochures. IARs typically manage accounts in Pinnacle differently than the accounts that pay transaction fees because of the different nature of the services provided.

Several factors may influence the selection of the account structure including but not limited to:

- i. the client's preference for a "wrap" vs. transaction charges per trade on certain or all securities
- ii. account size
- iii. anticipated trading frequency
- iv. anticipated securities to be traded
- v. management style
- vi. long term investment goals

### *No Performance-based Fees*

Neither Triad nor any IARs accept performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

### *Methods of Analysis, Investment Strategies and Risk*

IARs based recommendations that they make in Pinnacle using various types of investment strategies.

Each investment style, strategy, and investment entails varying degrees of risk. There can be no assurance that a particular investment or strategy will be successful or that clients will not suffer losses. Results generated by for each account will differ, and the investment advice provided to an individual will differ from client to client. Investment performance is not guaranteed, and the IAR's past performance with respect to a client's account or other accounts does not predict future performance.

The main sources of information IARs may use include financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services,



annual reports, prospectuses, filing with the SEC and company press releases. The investment strategies used to manage accounts may include long term purchases, short term purchases, selling securities within 30 days, short sales, margin transactions, and option writing.

**Margin risk:** Leverage increases a portfolio's risk as price swings are amplified in a margin account and clients can lose more funds than deposited if value of securities decline.

**Options risks:** An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells their option in the secondary market nor exercises it prior to its expiration will necessarily lose their entire investment in the option. An option writer may be assigned an exercise at any time during the period the option is exercisable. Starting with the day it is purchased, an American-style option is subject to being exercised by the option holder at any time until the option expires. This means that the option writer is subject to being assigned an exercise at any time after they have written the option, until the option expires or until they have closed out their option position in a closing transaction. For more information regarding the risks of options, please read the 'Characteristics and Risks of Standardized Options' brochure, which can be found at [www.optionsclearing.com](http://www.optionsclearing.com).

#### *Voting Client Securities*

Unless the IAR and the client otherwise agree in writing, IAR and the Advisory Firm are expressly precluded from taking any action or rendering any advice with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in the account. The client expressly retains the authority and responsibility with respect to voting proxies for the account(s) or will delegate discretion with respect to voting such proxies to a third party. If the IAR receives any proxy materials that pertain to securities held in the account, the IAR will forward the materials to person designated by the client.

### **Client Information Provided to Portfolio Managers**

As described in "Services, Fees and Compensation" above, clients inform their Investment Adviser Representatives of their investment objectives, risk tolerance, and investment time horizon and give their representative any applicable investment policies, guidelines, or reasonable restrictions. Based on this information, the Investment Adviser Representatives provide investment recommendations and/or manage client accounts.

Clients should promptly inform their Investment Adviser Representative of material changes in their financial circumstances or investment objectives. The IAR will periodically discuss, at least once a year, whether the management of the account continues to reflect the investment objectives and financial requirements of the client.

## Client Contact with Portfolio Managers

Clients are free to contact IARs for questions or consultation in regards to their accounts. There are no restrictions placed on clients' ability to contact and consult with IARs.

## Additional Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of their management. The following information pertains to Triad. Other Advisory Firms will provide any relevant information about them in their separate disclosure documents.

- The State of Florida entered into a Cease and Desist Order with Triad (#3517-5-08/02) on 10/7/2002. Due to a clerical error, Triad failed to register its branches prior to conducting business with the State of Florida. Triad paid the fine of \$5,000.
- FINRA filed a complaint against Triad on 03/22/07 (Case #2006003971501). From 1/1/06 – 3/31/06, Triad failed to report 62 of 100 corporate bond trades within the time period prescribed by FINRA Rule 6230 and in violation of FINRA Rules 2110 and 3010. During the same period, Triad failed to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with Rule 6230 and in violation of Rules 2110 and 3010. Triad paid the fine of \$10,000.

## Other Financial Industry Activities and Affiliations

Triad is a full service registered broker-dealer. In this capacity, Triad is involved in the purchase and sale of various types of securities, including, but not limited to, stocks, bonds, mutual funds and government securities. More information about Triad is set forth below. Information about other Advisory Firms is set forth in their separate disclosure documents.

In addition to being a registered investment adviser, Triad is a registered full service broker-dealer. Triad is a wholly owned subsidiary of Ladenburg Thalmann Financial Services Inc. (LTFS).

Other companies that are owned by LTFS and thus affiliated with Triad are:

Ladenburg Thalmann Fund Management, LLC (LTFM)	50% owned by LTAM
Ladenburg Thalmann & Co. Inc. (LTCO)	100% owned by LTFS
Ladenburg Thalmann Capital Agency Inc.	100% owned by LTFS
Ladenburg Thalmann Asset Mgmt. (LTAM)	100% owned by LTFS
Investacorp, Inc.	100% owned by LTFS
Investacorp Advisory Services	100% owned by LTFS
Securities America, Inc.	100% owned by LTFS
Securities America Advisors, Inc.	100% owned by LTFS
Premier Trust, Inc.	100% owned by LTFS

Arbor Point Advisors, LLC	100% owned by LTFS
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LTAM owns 50% of Ladenburg Thalmann Fund Management, LLC, (LTFM), which is a registered investment adviser. LTFM is an adviser to an open-end registered investment company, the Boyar Value Fund, Inc. This fund is an open-end diversified management investment company. LTCO is the distributor of the fund. IARs may recommend that clients invest in the Boyar Value Fund or in the LTAM Alternative Strategies Fund, for which LTAM acts as investment adviser and LTCO acts as distributor. These recommendations create a conflict of interest because LTAM and LTCO generally receive more compensation in connection with the purchase of these funds than they do in connection with the purchase of other funds. In addition, these funds pay fees in connection with services or distribution, such as 12(b)-1 fees. These fees are paid to Triad as broker-dealer. IARs may receive part of the compensation paid to Triad in the advisor representative's capacity as a broker-dealer registered representative of Triad, to the extent permitted by applicable law. Triad has policies and procedures to address such conflicts of interest.

Triad Investment Adviser Representatives may recommend Premier Trust to provide trust and administrative services. Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

Triad may also recommend that clients invest in securities issued in an initial public and secondary offering transactions for which LTCO acts as an underwriter and/or a member of the selling group or Triad acts as a member of the selling group. Triad has a conflict of interest in recommending these securities for several reasons. First, LTCO receives all or a portion of the gross spread – the difference between the price that the client pays for the security and the price that LTCO purchases the security for - in connection with such sales. This gross spread is generally 7%, but may be higher or lower in connection with certain offering. If Triad is a member of the selling group, it also receives a portion of the gross spread. Triad Investment Adviser Representatives generally receive a portion of this compensation as broker-dealer representatives of Triad. In addition, LTCO has a substantial interest—both financial and with respect to its reputation—in assuring that the offering is successful by having a large number of the securities purchased. Finally, in connection with certain offerings, LTCO has an obligation to purchase and resell a certain number of securities. Thus, because of its affiliation with LTCO, Triad has incentives to recommend these investments in these offerings for these reasons, rather than based on a client's needs. To address these conflicts, Triad has policies and procedures in place to make sure that securities in initial public offerings are recommended only to clients for whom they are suitable given the client's investment objectives and assets. In addition, clients are generally given transaction specific disclosure prior to the client's decision to invest in such securities.

Certain IARs are licensed to sell life and annuity insurance products through Triad Insurance, Inc, (a wholly owned subsidiary of Triad), and various other companies. Triad Insurance, Inc., as well as the appropriately licensed (IAR), will receive compensation for the sale of such products. Triad may

recommend the purchase of insurance products in Pinnacle accounts. Clients are under no obligation to purchase insurance products through any particular insurance agency or representative.

### *Code of Ethics*

Triad has adopted a Code of Ethics for all supervised persons of the firm describing our high standard of business conduct, and fiduciary duty to our clients. All supervised persons at Triad must acknowledge the terms of the Code of Ethics and personal securities transactions and holdings annually, or as amended.

The Code of Ethics is enforced through compliance monitoring activities and surveillance. In cases where the firm discovers that an employee has violated a firm policy and/or procedure, the firm's code of business conduct or code of ethics, a state or federal law, regulation of FINRA, the SEC, or other regulatory agency, the Compliance Department will take appropriate steps to investigate the circumstances and will take action commensurate with the manner of the violation. Such actions could take the form of a written warning to the employee in conjunction with the firm's Legal Department, or be as serious as disciplinary action up to and including termination. Any such investigations will be brought to the appropriate regulator's attention, if necessary, which may result in a disclosure of the violation on the employee's U-4 form, if required.

Triad Code of Ethics Rules are designed to ensure that our personnel: a) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; b) at all times place the interests of Triad clients first; c) disclose all actual or potential conflicts; d) adhere to the highest standards of loyalty, candor and care in all matters relating to Triad clients; e) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and f) not use any material non-public information in securities trading. The Code of Ethics also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of these rules, Triad personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of these rules.

Triad personnel are required to conduct their personal investment activities in a manner that is not detrimental to Triad advisory clients. They are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where Triad Investment Advisor Representatives may buy and sell on behalf of its clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access Persons (defined as investment personnel, which includes portfolio managers, assistant portfolio managers, research analysts and trading room personnel, officers of Triad, and other designated persons) to report all personal transactions in securities not otherwise exempt under the policy.

All reportable transactions are reviewed for compliance with the Code of Ethics. The Ethics Rules are available to clients and prospective clients from Triad upon request.

### ***Interest in Client Transactions and Personal Trading***

Investment Adviser Representatives may buy or sell for their own accounts, securities that are also held by their clients. Such transactions are permitted if in compliance with Triad policy on personal securities transactions. Reports of personal transactions in securities by Triad Investment Adviser Representatives are reviewed by Triad's Compliance department quarterly or more frequently if required.

### ***Review of Accounts***

Triad may conduct reviews on client's accounts. Accounts are primarily reviewed by the client's Investment Adviser Representative. In addition, Triad's compliance program includes the periodic review of a sample of customer accounts for consistency with a client's risk tolerance, investment time horizon, performance objectives, and asset allocation instructions. Triad's compliance department consists of four employees who assist in these reviews. There is no minimum number of accounts assigned for the reviewer.

Clients are provided with monthly or quarterly account statements from the custodian, depending on the activity in the account. Reports include details of client holdings, asset allocation, and other transaction information.

Clients who also receive account reviews from Investment Adviser Representatives are strongly encouraged to compare them to the account statements they receive from the custodian. The account statements received from the qualified custodian are the official statement of the accounts. Any account information provided by IARs is for informational purposes only.

Triad or Investment Adviser Representative may provide clients with quarterly performance reviews of Pinnacle accounts, for which the client may be charged a fee in addition to the Wrap Fee, as set forth in "Fees and Compensation" above. Triad or Investment Adviser Representative do not provide tax advice, and nothing in the performance review should be construed as advice concerning any tax matter. Performance reviews are not a substitute for regular monthly account statements received from the custodian or Form 1099. Performance reviews should not be used to calculate fees or to complete income tax returns. Upon a client's specific request and subject to the relevant firm's policies and procedures and applicable law, the performance review may include information about assets outside the program. By including any such assets in the performance review, the firm is not undertaking to provide or responsible for providing any services with respect to those assets.

### ***Client Referrals and Other Compensation***

Triad may enter into agreements with third parties that will solicit clients for Triad and receive compensation for solicitation efforts. In such instances, the third party solicitor will receive either a percentage of, or a set fee from, the fee charged to the client. If a solicitor is used in connection with a client's account, the structure and arrangement of the solicitation agreement, as well as the compensation paid to the solicitor, will be fully disclosed to the client, which disclosure will be acknowledged in writing

by the client when participating in a Triad program. The fee charged to a client is not affected by the use of a third-party solicitor in connection with client accounts, and a client will not be charged any additional fees for the use of such services.

As set forth in “Fees and Compensation” above, Triad and the IARs in their capacity as registered representatives of Triad, may receive compensation from third parties in connection with trades executed for or investments held in advisory accounts.

### ***Financial Information***

Triad has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.