

## Item 1 – Cover Page



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March 28, 2018

This brochure provides information about the qualifications and business practices of Quadrant Private Wealth Management, LLC (hereinafter “Quadrant” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (610) 849-2740. 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.

Quadrant is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Quadrant is 277044.

## Item 2 – Material Changes

This Item of the Brochure discusses only specific material changes that are made to the Brochure since the last annual updating amendment and provides clients with a summary of such changes. The most recent annual update of our brochure was August 2, 2017.

The following changes, which may be considered material, have been made since the last other than annual updating amendment on August 2, 2017:

**Abolishment of the Quadrant Wrap Fee Program** – Effective April 15, 2018, Quadrant will no longer sponsor the Quadrant Private Wealth Management Program (“Wrap Program”), a wrap fee program (*i.e.*, an arrangement where brokerage commissions and transaction costs are absorbed by the Firm). Participants in the Wrap Program will automatically be enrolled in Quadrant’s Non-Wrap program. Clients were notified of this material change by Quadrant and the Custodian on March 31, 2018. As a result of this termination, client account agreements with Charles Schwab & Co., Inc. (“Schwab”) will be amended to reflect the termination of the wrap fee arrangement with Quadrant and Schwab. All other terms and conditions of the client account agreement with Schwab will remain the same.

Under the wrap fee program, Schwab was billing Quadrant for all commissions, prime broker fees (if any) and all other fees relating to the execution of transactions for our clients’ accounts. As a result of our termination of the wrap fee program, Schwab will now charge commissions and fees directly to the client account. A schedule of the new commission costs is available upon request to Quadrant and/or Schwab.

**New Fee Schedule** – Quadrant has established a new fee schedule effective for clients who sign an Investment Management Agreement beginning on April 1, 2018. The details of this new fee schedule can be found in Item 5.

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 Brian Cort, Chief Compliance Officer at Quadrant at (610) 849-2740.

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## **Item 4. Advisory Business**

Quadrant offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Quadrant rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Quadrant setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Quadrant Private Wealth Management, LLC is the successor firm of Quadrant Private Wealth, LLC, a registered investment adviser since May 2014. As of December 31, 2017, Quadrant had \$617,509,768 in assets under management, \$616,418,029 of which was managed on a discretionary basis and \$1,091,739 of which was managed on a non-discretionary basis. The term “registered investment adviser” does not imply a certain level of skill or training.

### **FOCUS OPERATING, LLC and FOCUS FINANCIAL PARTNERS, LLC**

Quadrant is part of the Focus Financial Partners, LLC (“Focus”) partnership. As such, Quadrant Private Wealth Management, LLC is a wholly-owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly-owned subsidiary of Focus. Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADV’s.

Focus is primarily owned by investment vehicles managed by Stone Point Capital LLC (“Stone Point”). Investment vehicles managed by Kohlberg Kravis Roberts & Co. L.P. (“KKR”) are minority owners of Focus. Because Quadrant is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of Quadrant.

While this brochure generally describes the business of Quadrant, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Quadrant’s behalf and is subject to the Firm’s supervision or control.

## Financial Planning and Consulting Services

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Quadrant offers clients a broad range of holistic financial planning and consulting services, which include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning
- Tax Planning
- Manager Due Diligence
- College Funding
- Loan Facilitation

In performing these services, Quadrant is not required to verify any information received from the client or from the client's other professionals (*e.g.*, attorneys, accountants, etc.) and is expressly authorized to rely on such information. Quadrant could recommend clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Such insurance services are offered through an affiliate, Quadrant Insurance Wealth Structuring, LLC. Clients are advised that a conflict of interest exists if clients engage Quadrant or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Quadrant under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Quadrant's recommendations and/or services.

## Investment Management Services

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Quadrant manages client investment portfolios on a discretionary or non-discretionary basis. Quadrant primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), stocks, municipal and corporate bonds, alternative investments, structured notes and independent investment managers ("Independent Managers") in accordance with their stated investment objectives.

Where appropriate, the Firm provides advice about any type of legacy position or other investment held in client portfolios. Clients can engage Quadrant to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as private placements, direct real estate holdings, variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (*i.e.*, 529 plans). In the latter situations, Quadrant directs or recommends the allocation of client assets among the various investment options available with the product. Certain of these assets are maintained at the underwriting insurance company or the custodian designated by the product's provider.

Quadrant tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Quadrant consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Quadrant if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients have the authority to impose reasonable restrictions or mandates on the management of their accounts if Quadrant determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## **Retirement Plan Consulting Services**

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Quadrant provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by Quadrant as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Quadrant’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

## **Use of Independent Managers**

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As mentioned above, Quadrant might select certain Independent Managers to actively manage a portion of its clients’ assets. The specific terms and conditions under which a client engages an Independent Manager will be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients should also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

Quadrant evaluates a variety of information about Independent Managers, which include the Independent Managers’ public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers’ investment strategies, past performance and risk results in relation to its clients’ individual portfolio allocations and risk exposure. Quadrant also takes into consideration each Independent Manager’s management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Quadrant continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. At least annually, the Firm monitors the performance of those accounts being managed by Independent Managers. Quadrant seeks to ensure the Independent Managers’ strategies and target allocations remain aligned with its clients’ investment objectives and overall best interests.



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

Quadrant offers services on a fee basis, which include fixed and/or hourly fees, as well as fees based upon assets under management or advisement. Additionally certain of the Firm's Supervised Persons, in their individual capacities, could offer securities brokerage services and/or insurance products under a separate commission-based arrangement.

### **Financial Planning and Consulting Fees**

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Quadrant can elect to charge a fixed and/or hourly fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable based on a fee of \$500 per hour for financial planning and consulting services, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. If the client engages the Firm for additional investment advisory services, Quadrant can offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and Quadrant generally requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services. The Firm does not, however, take receipt of \$1,200 or more in prepaid fees in excess of six months in advance of services rendered.

### **Wealth Management Fees**

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Wealth management services are offered on a fee basis, meaning that clients pay a single annualized fee based upon assets under management. Quadrant charges a minimum fee of \$10,000 per annum, but does not impose a minimum value of assets under management for opening or maintaining an account.

Our investment management fee structure is outlined below. Please note that the fees outlined represent fee guidelines, and we reserve, at our sole discretion, the right to negotiate fees with existing or prospective clients. Occasionally, under certain circumstances, a fixed rate may apply. In addition, we may waive the minimum fee or charge a lesser fee based upon certain criteria (e.g. such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts account composition, pre-existing client relationship, account retention and pro bono activities). The fee schedule for clients prior to this updating amendment will be

different than the schedule below.

PORTFOLIO VALUE	BASE FEE
Up to \$3,000,000	1.00%
Next \$3,000,000	0.80%
Next \$100,000,000	0.60%

This fee schedule is a tiered schedule meaning that a client is charged varying fee rates based upon the portfolio break points set forth above. The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Quadrant on the last day of the previous billing period. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets will be prorated to account for the interim change in portfolio value. For the initial term of the Program, the fee is calculated on a pro rata basis. In the event the Client Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is refunded or charged to the client, as appropriate.

### **Retirement Plan Consulting Fees**

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Quadrant generally charges a fixed project-based and/or annual asset-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These fees vary based on the scope of the services to be rendered.

### **Direct Fee Debit**

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Clients provide Quadrant with the authority to directly debit their accounts for payment of the investment advisory fees within the Investment Management Agreement. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Quadrant.

### **Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to Quadrant's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients can withdraw account assets on notice

to Quadrant, subject to the usual and customary securities settlement procedures. However, Quadrant designs its portfolios as long-term investments and the withdrawal of assets could impair the achievement of a client's investment objectives. Quadrant will consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they could be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

### **Additional Fees and Expenses**

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In addition to the advisory fees paid to Quadrant, clients could also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges usually include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, reporting charges, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

### **Commissions and Sales Charges for Recommendations of Securities**

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Certain of the Firm's advisory personnel are registered representatives of Purshe Kaplan Sterling Investments, Inc., ("PKS"), a securities broker-dealer that is not affiliated with Quadrant, and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons are compensated through commissions and 12b-1 trails for sales of 529 plans and annuities initially recommended when they were full time registered representatives of brokerage firms. This practice presents a conflict of interest because these advisory personnel who are registered representatives have an incentive to recommend securities transactions for the purpose of being compensated for product sales rather than solely based on a client's needs. The Firm addresses this conflict of interest through disclosure and notes that clients are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm. In addition, our firm's advisory personnel do not receive brokerage compensation and advisory compensation on the same client assets (*e.g.*, they do not "double dip").

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

Quadrant does not provide any services for a performance-based fee (*i.e.*, a fee based on a share of capital gains or capital appreciation of a client's assets).

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

### **Minimum Account Requirements**

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As stated in Item 5 above, effective April 1, 2018, Quadrant does impose a minimum fee of \$10,000 per annum but does not impose a minimum value of assets under management for opening or maintaining an account.

### **Types of Clients**

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Quadrant offers services to individuals, families, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

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

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

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Quadrant employs a largely top-down approach utilizing a combination of fundamental and technical methods of analysis with an emphasis on risk management.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular manager, fund or issuer. For Quadrant, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company seem to be good, evolving market conditions can negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis involves the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which could be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that

Quadrant will be able to accurately predict such a reoccurrence.

## **Risk of Loss**

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### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Quadrant's recommendations and/or investment decisions depends to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that Quadrant will be able to predict those price movements accurately or capitalize on any such assumptions.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The NAV per share is computed once per day based on the closing market prices of the securities in the fund's portfolio. Every buy and sell order for mutual funds are processed at the NAV on the respective trade date.

An ETF, or exchange traded fund, is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. Unlike mutual funds, an ETF trades like a common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. ETFs typically have higher daily liquidity and lower fees than mutual funds. Because it trades like a stock, an ETF does not have its net asset value (NAV) calculated once at the end of every day like a mutual fund does.

There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## *Risks Associated with Structured Notes*

Complexity. Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation includes leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees. Structured notes usually have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with us.

Market risk. Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. ***For structured notes that do not offer principal protection, the performance of the linked asset or index may cause clients to lose some, or all, of their principal.*** Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, or market volatility.

Issuance price and note value. The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes cannot be re-sold on a daily basis and thus will be difficult to value given their complexity.

Liquidity. The ability to trade or sell structured notes in a secondary market is often very limited as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on security exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore,

be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.

Credit risk. Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors could lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that would be due on the structured notes.

Call risk. Some structured notes have “call provisions” that allow the issuer, at its sole discretion, to redeem the note before it matures at a price that can be above, below or equal to the face value of the structured note. If the issuer “calls” the structured note, clients may not be able to reinvest their money at the same rate of return provided by the structured note that the issuer redeemed.

Tax considerations. The tax treatment of structured notes is complicated and in some cases uncertain. Before purchasing any structured note, clients should consult with a tax advisor. Clients also should read the applicable tax risk disclosures in the prospectuses and other offering documents of any structured note they are considering purchasing.

#### *Use of Independent Managers*

As stated above, Quadrant can select certain Independent Managers to manage a portion of its clients’ assets. In these situations, Quadrant continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers’ ability to successfully implement their investment strategies. In addition, Quadrant generally does not have the ability to supervise the Independent Managers on a day-to-day basis.

#### *Use of Private Collective Investment Vehicles*

Quadrant recommends that certain clients invest in privately placed collective investment vehicles (*e.g.*, hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds can trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund’s private placement memorandum and/or other documents explaining such risks prior to investing.

### *Master Limited Partnerships (MLPs)*

Master Limited Partnerships (“MLPs”) are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and will be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their pro rata share of the partnership taxes, regardless of the types of accounts where the interests are held.

### *Options*

Options allow investors to buy or sell a security at a contracted “strike” price at or within a specific period of time. Clients pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which possibly be unwilling or unable to perform its contractual obligations.

### *Exchange-Traded Notes (ETNs)*

Quadrant may well recommend an investment in, or allocate assets among, various exchange-traded notes (“ETNs”). ETNs are unsecured debt securities which are listed on securities exchanges and transacted at negotiated prices in the secondary market. ETNs are designed to track the performance of a corresponding benchmark. An ETN is essentially a contract between an issuer and the ETN holder, whereby the issuer, upon maturity, agrees to pay an amount relative to the returns of the underlying benchmark. In addition to the risks associated with the specific benchmark, ETN holders are also subject to various counterparty concerns. In this respect, the value of an ETN may be adversely impacted by a downgrade to the issuer’s credit rating and/or an unwillingness or inability of the issuer to perform its contractual obligations.

### *Management through Similarly Managed “Model” Accounts*

Quadrant manages certain accounts through the use of similarly managed “model” portfolios, whereby the Firm allocates all or a portion of its clients’ assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in



compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio could involve an above average portfolio turnover that could negatively impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact the Firm if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

### *Cybersecurity*

The computer systems, networks and devices used by Quadrant and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

## **Item 9. Disciplinary Information**

Quadrant has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus, and certain investment vehicles managed by KKR collectively are minority owners of Focus. Because Quadrant is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of Quadrant. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of our business.”

Quadrant does not believe the Focus Partnership presents a conflict of interest with our clients. Quadrant has no business relationship with other Focus Partners that is material to its advisory business or to its clients.

### **Registered Representatives of a Broker-Dealer**

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Certain of the Firm’s Supervised Persons, in their individual capacities, are registered representatives of Purshe Kaplan Sterling Investments, Inc. (“PKS”) and can provide clients with securities brokerage services under a separate commission-based arrangement. A conflict of interest exists to the extent that Quadrant recommends the purchase of a security and its Supervised Person receives a portion of the commissions paid to PKS. The Firm has procedures in place to ensure that all recommendations are made in the best interests of clients regardless of any additional compensation earned. For accounts covered by ERISA (and such others that Quadrant, in its sole discretion, deems appropriate), the Firm provides investment advisory services on a fee offset basis. In this scenario, Quadrant could offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm’s Supervised Persons in their capacities as registered representatives of PKS.

### **Licensed Insurance Agents**

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Certain of Quadrant’s Supervised Persons, in their individual capacities, are licensed insurance agents and may effect the purchase of certain insurance products on a fully-disclosed commission basis. A conflict of interest exists to the extent that the Firm recommends the purchase of insurance products where its Supervised Person receives insurance commissions or other additional compensation.

In addition to advisory services, Quadrant could offer its advisory clients various insurance services through a separate entity Quadrant Insurance Wealth Structuring, LLC or through a division of that entity, Quadrant Business Advisory Services or Quadrant Peer Executive Groups. Quadrant receives compensation for such insurance transactions separate from

the compensation Quadrant receives for its advisory services.

## **Fees from Independent Managers**

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As discussed above, Quadrant recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Managers. There can be a conflict of interest to choose such Independent Managers; however, Quadrant evaluates Independent Managers objectively and not based on the amount of compensation it could receive from a particular Independent Manager.

## **Item 11. Code of Ethics**

Quadrant has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. Quadrant’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Quadrant’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions can be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information can knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of

deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

A copy of Quadrant's Code of Ethics is available to all clients and prospective clients upon request.

From time to time, Quadrant causes client accounts to buy or sell securities from one another ("Cross Trades"), for purposes of rebalancing, liquidity or otherwise. Quadrant has adopted compliance procedures requiring documentation, approval and monitoring of Cross Trades which are designed to ensure that the Cross Trades are appropriate and are fair to all client accounts who are engaging in the Cross Trades.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker/Dealers for Client Transactions**

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Quadrant generally recommends that clients utilize the custody, brokerage and clearing services of Schwab Advisor Services™ ("Schwab") for investment management accounts.

Factors which Quadrant considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab can be higher or lower than those charged by other Financial Institutions.

The commissions paid by Quadrant's clients to Schwab comply with the Firm's duty to seek "best execution." Clients could pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Quadrant determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Quadrant seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions can be directed to certain broker/dealers in return for investment research products and/or services which assist

Quadrant in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Quadrant does not have to produce or pay for the products or services.

Quadrant periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

### **Software and Support Provided by Financial Institutions**

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Quadrant receives without cost from Schwab computer software and related systems support, which allow Quadrant to better monitor client accounts maintained at Schwab. Quadrant receives the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The software and support is not provided in connection with securities transactions of clients (*i.e.*, not "soft dollars").

The software and related systems support benefits Quadrant, but not its clients directly. In fulfilling its duties to its clients, Quadrant endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Quadrant's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits might influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Quadrant receives the following benefits from Schwab:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

### **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain Supervised Persons in their respective individual capacities are registered representatives of PKS. These Supervised Persons are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities

transactions away from their broker-dealer unless PKS provides written consent. Therefore, clients are advised that certain Supervised Persons are restricted to conducting securities transactions through PKS if they have not secured written consent from PKS to execute securities transactions through a different broker-dealer. Absent such written consent or separation from PKS, these Supervised Persons are prohibited from executing securities transactions through any broker-dealer other than PKS under its internal supervisory policies. The Firm is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

## **Trade Aggregation**

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Transactions for each client generally will be effected independently, unless Quadrant decides to purchase or sell the same securities for several clients at approximately the same time. Quadrant can (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Quadrant’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Quadrant’s Supervised Persons invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the Securities and Exchange Commission. Quadrant does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares will be reallocated to other accounts (this is due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations could be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm could exclude the account(s) from the allocation; the transactions will be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares could be allocated to one or more accounts on

a random basis.

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

### **Account Reviews**

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Quadrant monitors its clients' investment portfolios, and conducts regular account reviews not less than annually. Model portfolio reviews are conducted by the Firm's centralized investment committee, while individual client account reviews are done by one or more of the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Quadrant and to keep Quadrant informed of any changes thereto. Quadrant contacts ongoing investment advisory clients at least annually to review its previous services and recommendations, and to discuss the impact resulting from any changes in their financial situation and/or investment objectives.

### **Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions. Clients also receive periodic reports from Quadrant that includes relevant account and/or market-related information, such as an inventory of account holdings and/or portfolio performance. Clients should compare any supplemental reports they receive from Quadrant and/or the Independent Managers with the summary account statements they receive from the Financial Institutions.

## **Item 14. Client Referrals and Other Compensation**

### **Client Referrals**

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In the event a client is introduced to Quadrant by either an unaffiliated or an affiliated solicitor, the Firm could pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from Quadrant's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Quadrant's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Quadrant is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all



prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

Quadrant's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include Quadrant, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including Quadrant. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including Quadrant. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause Quadrant to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including Quadrant. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus in the last year:

Fidelity Brokerage Services  
J.P. Morgan Asset Management  
Charles G. Schwab & Co.

## **Item 15. Custody**

The Investment Management Agreement and/or the separate agreements with the Financial Institution(s)/Custodian ("Custodian") can authorize Quadrant through the Custodian to debit the wealth management or portfolio management client's account for the amount of Quadrant's annual management fee and to remit that fee directly to Quadrant in accordance with applicable custody rules. The Custodian(s) used in conjunction with Quadrant's services have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account, including the amount of annual management fees paid directly to Quadrant. In addition, as discussed in Item 13, Quadrant sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Custodian(s) and compare them to those they receive from Quadrant.

Quadrant does not maintain physical custody of client assets; client assets are custodied by one or more of the Custodian(s). Quadrant is deemed to have custody of client funds because



it has the ability to authorize the Custodian(s) to debit its annual management fee. Quadrant is also deemed to have custody by virtue of Standing Letters of Authorization (“SLOAs”) entered into by certain clients, which provide Quadrant with the ability to initiate transfers of client funds pursuant to and within the scope of a pre-defined authorization agreement established by the client. Quadrant is not subject to a surprise examination by a PCAOB firm because the firm is in compliance with the seven specified representations that gives relief to this requirement.

## **Item 16. Investment Discretion**

Quadrant could be given the authority to exercise discretion on behalf of clients. Quadrant is considered to exercise investment discretion over a client’s account if it can effect and/or direct transactions in client accounts without first seeking their consent. Quadrant is given this authority through a power-of-attorney included in the agreement between Quadrant and the client. Clients have the option to request a limitation on this authority (such as certain securities not to be bought or sold). Quadrant takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

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

The manner in which your proxies will be voted is determined by your election within the custodial account application. If no election is made or both options are selected, by default, we will not be responsible for voting proxies on your behalf and you will be solely responsible for casting such votes. You are responsible for (a) directing the manner in which proxies solicited by issuers of securities will be voted and (b) making all elections relating to mergers, acquisitions, tender offers, bankruptcy proceedings and other events pertaining to the securities. We will instruct the custodian to forward copies of all proxies and shareholder communications relating to the Assets to you.

If you elect to have the custodian send proxies and shareholder communications relating to the assets to us, we will cast a vote on your behalf and maintain a record of that vote.

Clients have the option to choose to maintain proxy voting authority and receive proxies directly from the Financial Institutions where their assets are custodied.

## **Item 18. Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Quadrant's financial condition. Quadrant 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. Quadrant does not receive prepayment of more than \$1,200 in fees per client six months or more in advance.