

Eagle Strategies LLC

Firm Disclosure Brochure

Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of Eagle Strategies LLC. If you have any questions about the contents of this brochure, please contact us at eagleoperations@newyorklife.com or (888) 695-3245. The information in this brochure has not been approved or verified by any governmental authority, including the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Eagle Strategies LLC also is available on the SEC's website at www.adviserinfo.sec.gov. Registration with the SEC does not imply a certain level of skill or training.

Item 2 Material Changes

Not applicable

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Item 4 Advisory Business

A. FIRM DESCRIPTION

Eagle Strategies LLC (“Eagle,” “we” or “us”) is an investment adviser registered with the Securities and Exchange Commission (“SEC”) and subject to the Investment Advisers Act of 1940, as amended (“Advisers Act”). Eagle is qualified with appropriate securities authorities to offer investment advisory and financial planning services in all 50 states and the District of Columbia. Eagle is an indirect wholly owned subsidiary of New York Life Insurance Company (“New York Life”).

Eagle offers a variety of services through our investment adviser representatives (“IARs”). Eagle’s IARs are licensed or permitted by state securities law to offer investment advisory products and services. (IARs must also have the necessary licensing or designations and meet Eagle’s requirements to sell each particular product or program.) Registration of Eagle and licensing of its IARs does not imply a certain level of skill or training. IARs are also insurance agents of New York Life and other affiliated insurance companies, New York Life Insurance and Annuity Corporation (“NYLIAC”) and NYLIFE Insurance Company of Arizona and registered representatives of NYLIFE Securities LLC (“NYLIFE Securities”), an affiliated broker-dealer.

Eagle’s primary investment advisory business is providing financial planning and investment management services. All investment advisory activity is based upon each client’s (“you,” “your” or “Plan Sponsor”) investment objectives. This Firm Disclosure Brochure (“Brochure”) describes different advisory programs offered by Eagle. For a description of the investment advisory services we offer in the Lifetime Wealth Portfolios programs, please see Eagle’s Wrap Fee Brochure at www.eaglestrategies.com/important-disclosures.

Understanding your Relationship with Eagle. Your financial services professional can choose to offer you different investment solutions, including advisory programs described in this Brochure, other advisory programs described in Eagle’s Wrap Fee Brochure, a solicitor relationship with an unaffiliated investment adviser, a brokerage or mutual fund account, or other securities product accounts. There are important differences between advisory accounts and brokerage, mutual fund and other securities product accounts in terms of services provided, costs, how your financial professional is paid, and the obligations of your financial professional and the financial services entity. You should carefully consider the differences between account types and services before opening an Eagle account or choosing to do a financial plan. Please ask your financial professional if you have questions. Eagle may add IARs to or remove IARs from your account, or otherwise change the IAR providing you services, without giving you prior notice.

In offering you advisory services, your financial professional acts as an IAR. Eagle and its IARs have a fiduciary duty, which means that they act in your best interest in light of your investment objectives when providing investment advice and eliminate or make full and fair disclosure of all material conflicts of interest. In addition, to the extent that IARs provide advisory services that constitute “investment advice” to plans or individual retirement accounts subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), Eagle and its IARs are deemed a “fiduciary” as defined under Section 3(21) of ERISA or the Internal Revenue Code, as applicable.

In providing brokerage services, mutual fund and other securities product accounts, your financial professional acts as a registered representative of NYLIFE Securities, makes trades based on your trade-by-trade instructions, and receives transaction-based compensation. Registered representatives are not fiduciaries and do not have discretion over your account. Some products and services may be offered only by certain IARs. Please discuss with your IAR the products he or she offers.

B. ADVISORY SERVICES OFFERED

We provide the financial planning, investment management and retirement plan services described below. In addition to the programs and services listed in this Brochure, we also offer other advisory programs (such as Lifetime Wealth Portfolios Fund Advisory, Separately Managed Account, Representative Directed and Unified Managed Account Programs) that are described in Eagle's Wrap Fee Brochure at www.eaglestrategies.com/important-disclosures.

No Legal, Accounting or Tax Advice. In all Eagle programs, Eagle and your IAR do not give legal, accounting, or tax advice to you. You should consult your own attorney, accountant or tax adviser regarding these matters.

1. FINANCIAL PLANNING SERVICES

We offer four financial planning programs, which are detailed below. Financial plans, limited financial planning services and fee-based hourly advice are tailored to individual client needs, by using information provided by the client to address the matters chosen by the client to form part of the financial planning services. Financial seminars are not tailored to individual client needs.

A financial plan is based on your situation at a certain point in time, and our advisory relationship with you terminates upon delivery of the plan or, in the case of a seminar or program, at the termination of the seminar or program. Eagle does not conduct continuous or periodic reviews of your financial plan unless you specifically request an update.

When you receive financial planning services, including a limited plan, an hourly plan, or through a seminar, as outlined below, you have sole responsibility for determining whether, when and how to implement any part of a financial plan or planning guidance. You can choose to implement a plan through Eagle or elsewhere. If you do so, resulting transactions are not considered part of the financial planning process and are covered by different arrangements, whether with Eagle or elsewhere. See "Insurance, Annuities, and Securities Brokerage for Financial Planning Services" below for more details on implementing recommendations.

In addition to the financial planning options noted above and described further below, IARs also have tools that allow them to provide various financial reviews, typically gap or shortfall analysis, that they may provide to you. There is no fee for these reports. IARs providing these services do so in their capacity as a registered representative of NYLIFE Securities or an agent of New York Life. Your IAR is not acting as a fiduciary in providing these services, and the Advisers Act and related obligations under the Advisers Act do not apply. If you have questions regarding the analysis you have or could receive, the costs or the related role of your IAR, please ask your IAR.

a. Financial Plans

We offer financial planning services to individuals, closely held or private businesses, and trusts. To prepare a financial plan, your IAR will meet with you to gather information about your financial situation and objectives. Based on the information you provide, your IAR can use a variety of software programs to develop a financial plan.

The financial plan provides general advice to help you achieve your financial objectives. Depending on your needs and goals, the plan may cover a variety of topics, including a net worth analysis, cash flow planning, investment planning, and retirement planning. In some cases, your financial plan will include general recommendations regarding the purchase or sale of securities and insurance (see below) to address needs identified during the planning. These recommendations will not be to buy or sell a specific product or security, but instead will consist of actions to align your portfolio or needs with a recommended asset allocation (e.g., decrease large cap holdings) or insurance need (e.g., increase your life insurance coverage). The precise nature and coverage of a financial plan will vary depending on the planning topics that you choose.

A financial plan is based on your situation at a certain point in time, and our advisory relationship with you terminates upon delivery of the plan. You should consider whether to ask for a review of your plan on a periodic basis or when your financial condition or objectives change. An additional fee is typically charged for updating a financial plan.

b. Limited Financial Planning Services

We also offer a more limited financial planning service, without charging you a fee. This service uses eMoney 360 Needs Analysis modules, and each module creates a written report targeted to a single financial planning topic. Topics can include goal planning (e.g., education, life insurance, annuity income, etc.), asset protection, business insurance, estate planning, retirement planning or other planning areas. These modules are produced by eMoney Advisor, LLC, a third-party vendor. In this limited program, the output you receive will be limited to covering two topics per calendar quarter. Through this service, the advice provided is customized but limited to the topic covered and will not offer specific product or security recommendations. In this limited program, you will not sign a financial planning agreement, and our advisory relationship with you terminates upon delivery of the selected module's output. As described above, you can also pay for a financial plan that provides additional analysis and covers additional topics.

c. Financial Seminars

We and our IARs may hold seminars that offer attendees general investment and retirement planning advice. IARs do not offer individualized advice during seminars. Examples of topics covered include the objectives of retirement planning and wealth management. IARs can charge fees to attendees, which consist of a one-time payment for attending the seminar.

d. Fee Based Hourly Advice

IARs can provide advice to you when assisting you with advisory services outside of an established financial plan. In this program, IARs can charge an hourly fee rate for permitted services, which include advice limited to:

- Social Security decisions
- Budgeting/debt management
- Mortgage payment decisions
- Major purchase decisions (e.g., lease vs. buy)

Under this program, the IAR will meet with you, as required, to accomplish the stated goals. There is no requirement to deliver any output. The engagement terminates once you reach the maximum agreed upon fee, and no later than nine months after the date of your Hourly Financial Planning Agreement.

Insurance, Annuities, and Securities Brokerage for Financial Planning Services. Financial planning and other advisory services described in this Brochure may give rise to your IAR providing general advice about the need for insurance, annuities or similar financial products. IARs, acting in their capacity as insurance agents or registered representatives, can help you implement financial plan recommendations by offering to sell insurance products issued by New York Life, annuities issued by NYLIAC, and securities products available through NYLIFE Securities. Securities products may include mutual funds and some variable life and annuity products with investment options that are managed by New York Life Investment Management LLC ("NYLIM"), an Eagle affiliate. These products ("Proprietary Products") are distributed by NYLIFE Distributors LLC, another Eagle affiliate. If you purchase Proprietary Products, our affiliates receive compensation for the services that they provide.

If you choose to buy an insurance, annuity or securities product, your IAR, in their capacity as an insurance agent or registered representative, will receive a commission and will also receive other forms of direct and indirect compensation from New York Life or its affiliates because of the sale. Such commissions and other compensation are in addition to any fee that you pay to the IAR for financial planning services or any fees the IAR earns under the investment advisory programs described below or in the Wrap Fee Brochure at www.eaglestrategies.com/important-disclosures. Also, certain IARs may also serve as brokers for insurance products issued by unaffiliated insurance companies. IARs have an incentive to recommend products or services to you that result in their receiving additional compensation, including from other companies. We address this conflict by disclosing it to you. All commissions paid to insurance agents of New York Life and its affiliates are within the limits set by Section 4228 of New York State Insurance Law. Please see Item 5 (*Fees and Compensation*) for more information.

Your IAR can offer certain advisory products based on the recommendations in the financial plan. If you choose to invest in an advisory product with your IAR, the IAR will be acting in their capacity as an IAR and those investments would be covered under a program noted elsewhere in this Brochure or Eagle's Wrap Fee brochure at www.eaglestrategies.com/important-disclosures.

An IAR will be acting solely in their role as an agent of the company issuing the insurance or annuity product, or as a NYLIFE Securities registered representative, when selling insurance, annuity or securities products. An individual who is an IAR has different obligations to you and will be subject to a different standard of care when selling insurance, annuity or securities products than when acting as your IAR. You

may implement, some, all, or none of the recommendations contained in a financial plan through your IAR, and you may also choose to implement recommendations through another financial institution.

2. EAGLE RETIREMENT PLAN PROGRAM

We offer consulting and advisory services to assist sponsors of qualified employer-sponsored defined contribution retirement and benefit plans ("Plan Sponsors"). We may also assist Plan Sponsors with enrollment and providing investment education to plan participants and beneficiaries.

There are two components of the Eagle Retirement Plan Program, each available to IARs who meet the necessary qualifications: the Eagle Retirement Plan Consulting Program and the Eagle ERISA Investment Manager Program.

a. *Eagle Retirement Plan Consulting Program (CP)*. We perform the following services as a fiduciary under Section 3(21) of ERISA solely with respect to our rendering services to assist the Plan Sponsor with the investment selection and monitoring of the investment options available through the plan:

We advise the Plan Sponsor in selecting and monitoring the investment options that the Plan Sponsor makes available to plan participants. We tailor our advice to the Plan Sponsor based on criteria established by the Plan Sponsor in consultation with us, including any restrictions the Plan Sponsor may wish to impose on the securities recommended. We require that investment options selected by the IAR meet a 3-year average Fi360 Fiduciary Score® of 0 to 50. Fi360 (a third-party vendor) evaluates investments against a set of factors and thresholds and allots points based on nine criteria: regulatory oversight, track record, assets in the investment, stability of the organization, composition consistent with asset class, style consistency, expense ratio/fees relative to peers, risk-adjusted performance relative to peers, and performance relative to peers. The points are totaled and compared to all other investments within the peer group. Investments with an Fi360 Fiduciary Score® of 0 meet or exceed all of Fi360's recommended due diligence thresholds. Every other investment is then given a Score of 1-100, representing its percent ranking based on its placement in the distribution of its peer group, with a Score of 100 being the least favorable.

1. The investment option recommendations should also include a minimum of three investment alternatives: a money market fund, a bond fund, and a domestic large cap equity fund. The criteria and methodology for this program are different from those we use in other investment advisory programs. As a result, the recommended investment options may be different than approved and available options in other Eagle advisory programs.
2. Based upon these criteria, and primarily using the Fi360 database, we will generate at least annually a recommended list from among non-proprietary mutual funds, exchange traded funds ("ETFs") and exchange traded notes ("ETNs"), to the extent your IAR is licensed to offer those types of securities, with investment options for the Plan Sponsor to select from. The Plan Sponsor (and not Eagle) is responsible for selecting the mutual funds or exchange traded products to be made available to plan participants.
3. IARs and the Plan Sponsor meet quarterly to review and update (if necessary) the investment options.

As part of this program, we and the IAR may provide the following non-fiduciary services:

- Participant education and enrollment services
- Plan Sponsor support services.

If you wish to participate in the program, you sign an Eagle Retirement Plan Consulting Program Agreement. (“CP Agreement”).

b. Eagle ERISA Investment Manager Program (EIMP). The IAR helps the Plan Sponsor complete a Client Profile to obtain information about plan design, plan objectives and third-party service providers, which we use to tailor our advice to the Plan Sponsor. Since Eagle and its IARs do not recommend or select the securities, the client should discuss any investment restrictions desired with the recommended managers to see if such restrictions can be accommodated. Once the Plan Sponsor, acting as the plan’s fiduciary, selects the services to be provided by us and has determined that these services are necessary for the operation of the plan and the compensation paid to be reasonable, the Plan Sponsor signs an Eagle Retirement Plan Program Agreement (“EIMP Agreement”).

We and the IAR may provide the following ERISA fiduciary services:

- Assisting the Plan Sponsor in selecting a manager (“Manager”) from among managers that we have evaluated to serve as an “investment manager” as defined under Section 3(38) of ERISA. We currently have four Managers available in the program: Brinker Capital Inc., Frontier Asset Management, LLC, Buckingham Strategic Partners and Morningstar Investment Services LLC (“Morningstar”). IARs may make recommendations that are, among other things, based upon the Manager’s style and process and adherence to style and guidelines; Manager-specific impact; survey data; and fee analysis. The Plan Sponsor has the final approval on hiring and retaining any Manager we recommend.
- Assisting the Plan Sponsor with collecting and evaluating information relating to the ongoing review of the Manager selected and retained by the Plan Sponsor, including reviewing tools and reports provided by the Plan’s Manager or service providers to assist the Plan Sponsor in evaluating the reasonableness of the Manager’s fees and to compare the Manager’s overall performance against applicable, recognized industry indices. An IAR may recommend the replacement of an underperforming Manager but will not make any recommendations to alter the investments or model portfolios.

As part of this program, we and the IAR may provide the following non-fiduciary services:

- Participant education and enrollment services
- Plan Sponsor support services

3. NON-ADVISORY SERVICES OFFERED (SOLICITOR PROGRAM)

In the Solicitor Program, we act as a solicitor, not an investment advisor, and our IARs refer you to unaffiliated third-party advisers (“Advisers”) that you may select to provide you with investment advisory services. IARS can choose from the following Advisers that have entered into a solicitor agreement with Eagle: Brinker Capital Inc. (“Brinker Capital”) and Frontier Asset Management, LLC. (“Frontier”). More information about each Adviser, including where assets will be custodied, can be found in the Adviser’s Form ADV Part 2A (available at www.adviserinfo.sec.gov).

In the Solicitor Program, Eagle and your IAR do not provide advisory services; instead, an unaffiliated Adviser provides advisory services and is responsible for managing your portfolio. We and our IARs receive compensation (sometimes described as referral fees) from the Advisers for introducing clients to them and for providing certain ongoing services. The fees we receive from each Adviser range from 0% to 1.25% of your assets under management with the Adviser. These fees are negotiable, and you pay the amount of our referral fees to the Adviser in addition to the fees charged by the Adviser itself. For more information, please review the Adviser's paperwork and the solicitor disclosure statement you receive when opening a Solicitor Program account. Please contact your IAR for details on the fees associated with each Adviser when considering which Adviser is appropriate for you.

We monitor and conduct due diligence on the Advisers our IARs recommend in the Solicitor Program. Your IAR helps you complete program documentation and provides ongoing non-advisory services. The IAR is available to consult with you at least annually to review your account, investment objectives, financial situation, risk tolerance, time horizon and any investment restrictions, in order to communicate applicable changes to your selected Adviser. In addition, at your request, your IAR is available to coordinate meetings together between you and the Adviser to review your account's investment allocation, performance and fees.

C. TAILORING ADVISORY SERVICES TO CLIENT NEEDS

As discussed in more detail in Item 4B (*Advisory Services Offered*), financial planning services, other than financial seminars, are tailored to each client and, in the CP and EIMP Programs, we tailor our advice to the Plan Sponsor, which can impose restrictions on the securities we recommend in the CP Program.

D. PORTFOLIO MANAGEMENT SERVICES WITHIN WRAP FEE PROGRAMS

Not Applicable.

E. MANAGEMENT OF CLIENT ASSETS

As of December 31, 2019, Eagle had Advisory Assets of approximately \$11,449,099,252 of which approximately \$11,273,733,918 are Regulatory Assets Under Management. In addition, as of that date, accounts for which Eagle acts as a solicitor had assets of approximately \$1,370,170,293.

Item 5 Fees and Compensation

The fees and compensation listed below are for programs in which we give investment advice or provide financial planning services. For an explanation of fees and compensation for the Solicitor Program, in which we refer you to an unaffiliated investment adviser, please see Item 4A (*Advisory Services Offered*) and Item 14 (*Client Referrals and Other Compensation*) as well as the unaffiliated Adviser's Form ADV Part 2A (available at www.adviserinfo.sec.gov).

A. COMPENSATION AND SCHEDULE OF FEES

1. FINANCIAL PLANNING SERVICES

All the fees listed for the programs below (except for certain financial planning seminar services) are negotiable based on factors such as the type and size of the account and the range of services we provide.

a. Financial Plans

Fees for financial plans vary based upon a variety of factors including:

- the complexity of issues involved;
- the IAR's experience;
- the client's net worth and annual household income; and
- the client's planning needs

Financial planning fees are negotiable and generally range from \$500 to \$60,000. In some instances, more than one IAR may share the fee.

b. Financial Seminars

We sometimes charge a one-time fee to persons attending financial seminars. The fee may be charged to each individual attending the seminar or may be paid by the sponsoring organization that engages the IAR. Any such fees are generally in the range of \$35 per attendee but may vary and can range up to \$200 per attendee. These fees are intended to compensate the IAR for their time and to cover the costs of written materials, advertisements, and other expenses related to providing the seminar.

c. Fee-Based Hourly Advice

The hourly fee is negotiable and generally ranges from \$100 to \$400 per hour. Each engagement should not exceed 12 hours.

2. EAGLE RETIREMENT PLAN PROGRAMS

Fees for the investment advisory programs are stated below. The amount of compensation we and our IARs receive varies by program and the options selected within a program. This leads to a conflict of interest, as we and our IARs have an incentive to recommend programs and options for which we receive higher compensation. We address this conflict by disclosing it. The fees outlined below are the minimum and maximum dollar amounts or asset-based fee percentages that can be charged to you.

a) Retirement Plan Consulting Program (CP)

The Plan Sponsor pays a flat fee covering both fiduciary and non-fiduciary services, as applicable. The fee may be up to \$100,000 and is negotiable. We consider the amount of plan assets when setting this fee. The fee is shown in the CP Agreement and is paid to us either directly by the Plan Sponsor or from the plan's assets (by the recordkeeper).

b) ERISA Investment Manager Program (EIMP)

Fees are based on assets held in the program and cover both fiduciary and non-fiduciary services, as applicable. The fees, which are negotiable, range from 0.05% - 0.80% of plan assets and may be tiered based on asset levels. The fee is shown in the EIMP Agreement and is paid to us either directly by the Plan Sponsor or from the plan's assets (by the recordkeeper).

B. BILLING METHOD

1. FINANCIAL PLANNING SERVICES

a. Financial Planning

You are billed for financial planning fees, which are payable to Eagle. You may be billed as follows: (i) 100% upon signing the Financial Planning Agreement; (ii) 50% upon signing the Financial Planning Agreement, with the remainder due upon delivery of the written financial plan; or (iii) the fees may be paid in equal installments beginning upon the execution of the Financial Planning Agreement, which may continue beyond the delivery of the written financial plan but all payments must be made within one year after the agreement date.

If you select payment options (ii) or (iii), you must provide banking details to facilitate automated payments through electronic funds transfer ("EFT").

b. Seminars

In general, attendees make any payment at or before attending the seminar. In some cases, fees paid by third parties are collected after the seminar is completed. Payment should be made payable to Eagle pursuant to information provided by your IAR.

c. Fee-Based Hourly Advice

Fees are paid at the time services are rendered based on actual hours worked; or in monthly installments based on the hours worked during the previous month. Payment should be made payable to Eagle pursuant to information provided by your IAR.

2. EAGLE RETIREMENT PLAN PROGRAMS

In the CP and EIMP programs, you may either pay the program fees directly or authorize the plan's record keeper or custodian to pay Eagle from plan assets.

In the CP Program, fees are paid annually in advance, or if paid quarterly, within 30 days of each quarter-end in arrears. In the EIMP Program, fees are billed quarterly in arrears. Please see Item 5D (*Prepayment of Advisory Fees*) below for more information.

C. OTHER FEES AND EXPENSES

- 1) **Manager, Adviser and Other Third-Party Service Provider Fees.** A plan may incur fees and expenses in addition to those paid to Eagle in the CP and EIMP Programs, including those charged by any Manager and other third parties, including investment-related expenses imposed by product providers, other service providers, brokerage fees, and other fees and expenses charged by the Plan's custodian, third-party administrator and recordkeeper. In the Solicitor Program, you pay investment advisory fees charged by your Adviser, Eagle's referral fees, and fees and expenses charged by any other third-party service providers. See also "Fees and Expenses of Mutual Fund, ETFs and ETNs" below.
- 2) **Fees and Expenses of Mutual Funds, ETFs and ETNs.** If your account holds mutual funds, ETFs or ETNs (collectively, "Funds"), these securities have their own internal fees and expenses, separate from the program fees described above. The internal fees and expenses include investment management fees, administrative fees, distribution fees ("12b-1 fees"), and other fund-level expenses.

Mutual fund companies offer different mutual fund share classes. The expenses, buyer eligibility requirements, 12b-1 fees, shareholder servicing fees and revenue sharing arrangements differ among mutual fund companies as well as among particular share classes of a given mutual fund. The programs described in this brochure do not offer all share classes offered by a given mutual fund company.

In applicable programs, Eagle or the Manager recommending or selecting mutual fund shares are not required to pick the lowest cost share class. In the EIMP and Solicitor Programs, the Manager or Adviser selects the share classes in their portfolios, following their own share class selection practices. Please see the applicable Manager's or Adviser's Form ADV Part 2A (available at www.adviserinfo.sec.gov) for details on its process for selecting mutual funds, including the share class, in their portfolios. Eagle's Investment Committee periodically reviews Managers' and Advisers' mutual fund class practices.

You may be able to invest in the same mutual funds, ETFs and ETNs outside of the programs offered by Eagle at a lower expense than if purchased through an Eagle program, although if you did so, you would not receive the benefit of Eagle's investment advisory services. You might be able to invest in a cheaper share class of the same fund if you invest through another financial services firm or directly with the mutual fund. When determining the reasonableness of fees and expenses you pay under the programs, consider the fees and expenses that Eagle charges in the programs. Also consider any indirect fees and expenses that you incur in connection with mutual fund investments, including the possibility that you are invested in a share class with fees and expenses greater than other share classes for which you are otherwise eligible, and for which an Eagle affiliate earns compensation. Please review the fund's internal fees, Eagle's fees, and if applicable any other Manager's or Adviser's fee to understand your total costs of investing. Read the fund prospectus carefully for information on the mutual funds and share classes available for your account, including their investment policies, restrictions, charges, and expenses.

If you transfer mutual fund shares into your account and redeem them, you may be subject to a deferred sales charge.

- 3) **Short-Term Redemption Fees.** Some mutual funds charge short-term redemption fees to discourage short-term trading. Short-term redemption fees are typically assessed when mutual fund shares are sold after being held for less than a period of time specified in the fund's prospectus. Short-term redemption fees may be incurred because of a liquidation, rebalancing or reallocation of funds that were held for a short period of time. These fees are retained by the fund company. Before you sell or liquidate fund shares, consider whether the fund assesses a short-term redemption fee. Please ask your IAR if you have any questions about these fees and see the prospectus of the particular fund for more information.
- 4) **Important Disclosure for Clients Who Are Rolling Over Retirement Account Proceeds.** If you are considering rolling over the proceeds of an employer-sponsored retirement plan (e.g., a 401(k) plan) ("Plan") to an Individual Retirement Account ("IRA"), please consider the following:
- When you roll over Plan proceeds to an IRA with Eagle, you will likely have more investment options available than in the Plan, and you will receive investment advice from your IAR on your IRA. Your IRA agreement, the product prospectuses, Eagle's Form ADV and your IAR can provide more information on the fees and expenses involved in establishing an IRA.
 - Instead of establishing an IRA, you could leave your money in the Plan. Review the plan documents or contact the Human Resources Department of the company sponsoring the Plan to see if you have this option. The Plan may offer different, but typically more limited, investment options, which may have lower fees and expenses than Eagle's IRA investment options. The Plan may also assess other administrative costs (e.g., recordkeeping and compliance fees) and fees for services such as access to a customer service representative. If you have the option of leaving your money in an existing Plan, consider how satisfied you are with the available investment options and their performance, the Plan's fees, and your ability to obtain guidance on your Plan investments.
 - Instead of establishing an IRA, you may also have the option of transferring investments from a prior employer's Plan to a new employer's Plan. If your current employer offers a Plan, contact its Human Resources Department to see if this option is available to you. In considering whether to transfer your assets to a new employer's Plan, consider the Plan itself, the available investment options, the Plan's fees and your ability to obtain guidance on your Plan investments.
 - Instead of establishing an IRA, you may also have the option of taking a taxable distribution from the Plan. If you are considering this option, you should ask your tax adviser about the potential tax consequences.
 - If you hold shares of an employer's stock in your Plan, you should ask your tax adviser about the potentially negative tax consequences of removing those shares from the Plan.
 - If you leave your job between age 55 and 59½, you may be able to take penalty-free withdrawals from a Plan. For IRAs, penalty-free withdrawals generally may not be made until age 59½. It may also be easier for you to borrow from a Plan. Your former employer and the Plan documentation may have more details on your options.
 - Depending on which state you live in, assets held in a Plan may receive greater protection from creditors than similar assets held in an IRA.
 - IARs can give advice on IRA investments, but not legal or tax advice.

5) Disclosure Pursuant to Section 408(b)(2) under ERISA.

Services. We offer consulting and advisory services to qualified defined contribution retirement plans through two programs, Eagle Retirement Plan Consulting Program (“CP”) and the Eagle ERISA Investment Manager Program (“EIMP”) (together known as the “Eagle Retirement Plan Program”). Services offered in these programs are described in Item 4B (*Advisory Services Offered*) of this Brochure and in more detail in the CP Agreement and the EIMP Agreement. Neither we nor the IAR provide recordkeeping services to plans.

Status. To the extent we provide investment advice, we act as a fiduciary under Section 3(21) of ERISA in the Eagle Retirement Plan Program. In the EIMP program, the IAR acts as a fiduciary in assisting the plan in selecting an investment manager. Eagle and the IAR also provide services in a non-fiduciary capacity, such as in providing participant education and enrollment services and Plan Sponsor support.

Direct and Indirect Compensation. In the CP program, we receive a fixed dollar fee either directly from the plan or from the Plan Sponsor. In the EIMP program, we receive an asset-based advisory fee either directly from the Plan or from the Plan Sponsor. These fees are also described in Item 5A (*Compensation and Schedule of Fees*) of this Brochure and in more detail in the CP Agreement and EIMP Agreement. We pay IARs a portion of the advisory fee for the IAR’s services related to the Eagle Retirement Plan Program. The portion of the advisory fee payable to the IAR ranges from 35% to 93% of the fee we receive. If you would like further information on the current level of compensation your IAR is being paid relating to your account, please call 1-888-695-3245. Neither we nor any of our affiliates receive any indirect compensation because of services provided to plans in the Eagle Retirement Plan Program. In the EIMP program, fees are also paid by the plan to the Managers they have selected. In addition, our IARs may receive indirect, non-cash compensation in the form of “Council Credits” for both the CP and EIMP Programs. See Item E (*Other Compensation to Eagle and IARS for the Sale of Securities and Other Investment Products*) for more details on IAR compensation.

Termination. Services provided under the Eagle Retirement Plan Program can be terminated by the Plan at any time without penalty upon written notice to us. Please see the CP Agreement or EIMP Agreement for additional information regarding the termination process.

- 6) Comparing Costs.** The fee for your account could be: (i) higher or lower than the costs incurred if you purchased the underlying securities in a brokerage account; and (ii) higher or lower than the cost of similar services offered through other investment advisory programs at Eagle or elsewhere. You should consider these factors and other differences among the programs when deciding whether to invest in an investment advisory or a brokerage account and, if applicable, which investment advisory program or payment option best suits your individual needs. This differential in pricing and cost creates a conflict of interest for Eagle and its IARs, as there is a financial incentive to recommend higher-priced programs. We address this conflict of interest by disclosing it to you.

In addition, the relative cost of the program, as compared to purchasing the services separately, depends on several factors, including:

- The costs associated with receiving the services if provided separately;
- The frequency or volume of trading activity in your account; and

- The associated costs of trading.

The combination of such fees if provided separately may be higher or lower than a single wrap fee. For more information, please contact your IAR.

For more information about brokerage practices, see Item 12 (*Brokerage Practices*) below.

- 7) *Proprietary Products and Affiliated Funds.*** Our affiliates receive compensation if investment products they manage (for example, MainStay Funds and IndexIQ ETFs) are purchased in an Eagle account. The MainStay family of mutual funds are managed by New York Life Investment Management (“NYLIM”), and the IndexIQ ETFs are managed by IndexIQ Advisors LLC. Both are distributed through NYLIFE Distributors LLC.

In the CP program, our IARs are prohibited from recommending products that our affiliates manage. In the EIMP program, the Manager hired by the plan fiduciary could select mutual funds or ETFs that our affiliates manage. In the Solicitor Program, the Adviser may select mutual funds or ETFs that our affiliates manage. Please see the applicable Manager’s or Adviser’s Form ADV Part 2A (available at www.adviserinfo.sec.gov) for details on their process for selecting mutual funds, including the share class, and exchange traded products in its portfolios.

IARs tend to be more familiar with funds offered by Eagle affiliates than with other providers’ funds because our affiliates sponsor educational, marketing and other events for IARs. This could make our IARs more likely than they would be otherwise to recommend Managers or Advisers who use MainStay or IndexIQ funds. While Eagle and our IARs do not receive any portion of the compensation, we have a conflict of interest in offering these products because our affiliates earn compensation and a reputational benefit from having assets invested in funds they manage. Eagle addresses this conflict of interest by disclosing it to you.

D. PREPAYMENT OF ADVISORY FEES

a. Financial Planning Services

For financial plans, some or all of the fee is paid in advance. See Item 5B (*Billing Method*) for more information. You may terminate a Financial Planning Agreement by providing written notice to Eagle. If you terminate the agreement more than five business days after its effective date, we are entitled to compensation for advice already provided, and you will be refunded the remainder of the fees. If we terminate the agreement before delivering the financial plan, you will receive a full refund of any fees paid under the agreement. Additionally, we will refund all fees if the plan is not completed within nine months from the effective date of the Financial Planning Agreement, unless you have agreed to a later delivery date.

For financial planning seminars, attendees generally pay any fee in advance or at the seminar, unless a third party is paying the costs of the seminar.

b. Retirement Plan Consulting Program (CP)

Fees are paid annually in advance, or if paid quarterly, 30 days after each quarter-end in arrears. If a Plan Sponsor elects to direct the recordkeeper (the firm responsible for managing and tracking data within the retirement plan and communicating that information to the Plan Sponsor) to pay the fees to us, the Plan Sponsor must provide such authorization to the recordkeeper within 30 days of signing the CP Agreement. You may terminate the CP Agreement by providing written notice to Eagle. If you pay fees annually in advance, and either you or Eagle terminate the CP Agreement before the first anniversary of the effective date, you are entitled to a refund for a portion of the fees paid under that agreement. Please contact Eagle to request the refund. If you pay fees quarterly in arrears, and you or Eagle terminates before the next quarterly payment, we are entitled to a quarterly fee, prorated for the number of days in the quarter before the effective date of termination. Please see the CP Agreement for more information on the termination process.

c. ERISA Investment Manager Program (EIMP)

Fees are billed quarterly in arrears. The initial fee is prorated based upon the number of days remaining in the initial quarterly period from the date of execution of the EIMP Agreement and will be based upon the market value of the Plan assets at the close of business on the last business day of the initial quarterly period. Thereafter, the quarterly portion of the annual program fees will be based upon the market value of the plan assets at the close of business on the last business day of the previous calendar quarter (without adjustment for anticipated withdrawals by plan participants or beneficiaries or other anticipated or scheduled transfers or distributions of assets). If the EIMP Agreement is terminated before the end of a quarter, we are entitled to a quarterly fee, prorated for the number of days in the quarter before the effective date of termination, based on the market value of the plan assets at the close of business on the effective date of termination.

E. OTHER COMPENSATION TO EAGLE AND IARS FOR THE SALE OF SECURITIES AND OTHER INVESTMENT PRODUCTS

IAR Compensation. Eagle and its IARs receive direct and indirect compensation because of your participation in the programs described in this Brochure. This compensation varies, in part, on the fee you negotiate with your IAR. The amount of compensation may be more or less than Eagle or your IAR would receive if you participated in other programs or paid separately for the investment advice, brokerage and other services provided. Sales compensation varies among the programs described in this Brochure and other programs and financial products offered by Eagle, as well as the various products an IAR may offer in their capacity as a registered representative of NYLIFE Securities or an insurance agent of New York Life and its affiliates. For example, compensation for many non-Eagle products is structured so that NYLIFE Securities registered representatives and New York Life insurance agents receive most of their compensation upfront rather than, as is the case for Eagle accounts, over the period you are invested in the account at issue. The exact timing and amount of compensation they receive for Eagle and non-Eagle products depends on a number of factors. Please ask your IAR if you would like more details. This difference in sales compensation among the products and programs offered by Eagle, NYLIFE Securities and other New York Life affiliates creates a conflict of interest because an IAR has a financial incentive to recommend certain programs or products instead of others based on how the IAR would be compensated.

IARs earn “Council Credits” based on their sales in programs sponsored by New York Life or its affiliates, including sales of insurance, securities and investment advisory products, and financial planning. Council credits entitle IARs to receive higher payouts for selling financial products, such as a greater share of the advisory fee, and entitle them to participate in New York Life sponsored educational, training, and development meetings. Your IAR’s Council Credits also determine their eligibility for retirement, medical and life insurance benefits. Council Credits are earned at different rates across New York Life and its affiliates, including Eagle, based on the formula applying to the program and the particular product recommended. For financial planning and CP, Council Credits are based on the fee you pay for the service. For other programs, Council Credits are based on your initial contribution to open the account and any future contributions to the account. IARs earn Council Credits on “non-core” products, which include Eagle’s programs, only to the extent they have earned an equivalent number of Council Credits on sales of core products (such as life insurance, long term care insurance and annuities issued by New York Life or its affiliates).

Furthermore, IARs must earn a minimum number of Council Credits to affiliate with Eagle initially and to remain qualified to offer Eagle services to new clients.

The differences in calculating Council Credits) across programs and products and the minimum credits required to remain qualified to offer Eagle services to new clients create a conflict of interest because IARs have an incentive to recommend some programs or products instead of others. Eagle addresses this conflict by disclosing it.

Managers and Advisers offered through the EIMP and Solicitor Programs work with Eagle and our IARs to promote their products. They may pay for training, education and prospecting events such as seminars for employees, IARs, clients and prospective clients. For employees and IARs, these events may be held at Eagle’s, the Manager’s or the Adviser’s offices or at off-site locations. The Manager or Adviser may pay for travel, meals and accommodations. Eagle reviews the invitee lists and confirms that the agenda is relevant or appropriate for IARs or Eagle employees. Managers and Advisers occasionally provide entertainment or gifts of nominal value to employees and IARs. Eagle hosts training and education events and receives payment from Managers, Advisers and other vendors who wish to participate in or attend the event. Please see Item 11A (*Code of Ethics Pursuant to SEC Rule 204A-1*) for more information on how we address these conflicts.

When you purchase an insurance product such as life insurance, annuities or long-term care insurance, the IAR, in their capacity as an insurance agent of New York Life, receives additional compensation (including commissions, service fees, allowances for expenses, Council Credits and benefits). Compensation paid on New York Life insurance products is governed and limited by Section 4228 of New York State Insurance Law. As insurance agents, IARs also receive incentive awards for the sale of insurance products approved by New York Life. Clients can buy recommended products through other brokers or agents not affiliated with New York Life.

Receiving more compensation from the sale of certain products creates an incentive to recommend products based on your IAR’s compensation rather than your needs. We address this conflict and other material conflicts in this Brochure in a variety of ways, including:

- Training our IARs to put your interests first as part of their fiduciary duty;

- Addressing IAR conduct and reinforcing ethical behavior through Eagle's Code of Ethics policy and related supervisory processes; and
- Disclosing material conflicts in this Brochure and other disclosure documents so you can make informed decisions.

While IARs are trained to make recommendations that they believe are in your best interest, the ultimate decision to accept or reject any such recommendations belongs to you. To make educated decisions, we encourage you to ask questions, read all available disclosure materials, and consider all your options.

Eagle and your IAR earn compensation if you invest in a program described in this Brochure, so Eagle and your IAR have a financial incentive to recommend one of the programs described in this Brochure. The amount of compensation we and our IARs receive varies by program and by the options selected within a program. This leads to a conflict of interest, as we and our IARs have an incentive to recommend certain options over others. We address these conflicts by disclosing them.

Direct and indirect compensation paid by Eagle and its affiliates to financial professionals may change over time due to business, legal or regulatory considerations. Please see Item 5C (*Other Fees and Expenses*) for more information on conflicts of interest and Item 14 (*Client Referrals and Other Compensation*) for more information on IAR compensation.

Item 6 Performance-Based Fees and Side-by-Side Management

Eagle and its IARs do not accept performance-based fees, which are fees based on a share of capital gains or on capital appreciation of the assets within your managed portfolio.

Item 7 Account Requirements and Types of Clients

We provide investment advisory services to different types of clients, including individual investors, pension and profit-sharing plans, traditional IRAs, Roth IRAs, SEP IRAs, SIMPLE IRAs, trusts, estates, charitable organizations, donor-advised funds, corporations and other business entities.

Eagle does not have a minimum account size for the Eagle Retirement Plan Program; however, some third-party managers offered in EIMP may have account size minimums. For accounts that fall below the required minimum, we or the Plan Sponsor may waive the minimum so the account may be opened or charge an additional fee.

Generally, Eagle provides financial planning to clients with a net worth or income greater than \$50,000. Please ask your IAR for more information.

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

Methods of Analysis and Investment Strategies.

a. Financial Planning

Among other options, IARs may use one of the following programs to perform financial planning analyses: eMoney Advisor (Wealth Management Solutions), Planning Shepherd or SunGard Expert Solutions (Advisor Series). To perform financial planning analyses, IARs may also produce a written output, referred to as a close-out letter. You should discuss with the your IAR the method and program to be used in preparing your financial plan.

b. CP and EIMP

For the CP Program, the IAR provides the Plan Sponsor with Fi360 reports, which are based on the investments in the retirement plan and the IAR's recommendations.

For the EIMP program, the IAR provides the Plan Sponsor with a proposal, which will include an investment manager recommendation. Such recommendations will be based on the goals and preferences provided by the Plan Sponsor and will be consistent with the investment characteristics identified and preferred by the Plan Sponsor for the Plan.

Risk of Loss. With any investment product, including those in our programs, there is a risk of loss. If you invest in securities through any program, you should be able and prepared to bear the risk of loss if the overall market or the specific products decline in value.

The following section outlines the risks of specific strategies and securities.

Tactical Asset Allocation. Accounts managed using a tactical approach to asset allocation generally trade more frequently and may incur greater trading costs than a strategic approach, which can affect investment returns. Their performance may be volatile, and they may underperform in some market cycles.

Strategic Asset Allocation. Accounts managed using a strategic approach to asset allocation generally trade less frequently and may have lower trading costs, which can affect investment returns. Their performance may be volatile, and they may underperform in some market cycles.

Active Management Style. Returns for actively managed accounts may be reduced by the cost of hiring an active professional manager and the cost of buying and selling account assets. Their performance may be volatile, and they may underperform in some market cycles.

Passive Management Style. Passively managed accounts normally have lower costs than actively managed accounts, as they do not use active professional managers and their holdings are not as frequently traded. Lower costs can affect investment returns. Their performance may be volatile, and they may underperform in some market cycles.

Frequent Trading. Frequent trading can affect investment performance through increased brokerage costs, transaction costs and tax consequences.

Mutual Funds, ETFs and ETNs. If you buy or hold mutual funds, ETFs and ETNs in your account, please see the relevant prospectus for more information on the risks of investing in a particular fund, as well as fees and expenses. The market price of ETFs and ETNs might not correlate to the value of their underlying assets. ETFs' and ETNs' performance may not mirror the performance of their underlying indices. Operating expenses and other costs are deducted daily from the value of their assets and lower their rate of return. Please see Item 5C (*Other Fees and Expenses*) for more information on fund expenses.

Money Market Funds. Unlike bank certificates of deposit (CDs) or savings accounts, money market mutual funds are not insured by the Federal Deposit Insurance Corporation (FDIC). Money market mutual funds invest in high-quality securities and seek to preserve the value of your investment, but you could lose money. There is no guarantee that you will receive \$1 per share when you redeem your shares. In certain market conditions, redemptions may be suspended. The rate of return of money market funds might not keep pace with inflation.

Individual Securities. If you invest in individual securities, your risks include non-diversification and volatility. For instance, the decline in value of one security may not be offset by the increase in value of another security. There is no guarantee that diversification will provide gains or prevent losses. Individual securities can have greater volatility than other kinds of investment products.

Managers' and Advisers' Strategies. For an explanation of any Manager's or Adviser's methods of analysis, investment strategies, and risks, please see the Manager's or Adviser's Form ADV Part 2A (available at www.adviserinfo.sec.gov).

Other, more general risks may affect your investments or our operations, including:

Public Health Crisis. A public health crisis, pandemic, epidemic or outbreak of a contagious disease, such as the recent outbreak of coronavirus disease 2019 (or COVID-19) in China, the United States and other countries, could have an adverse impact on global, national and local economies, which in turn could negatively impact your investments. Disruptions to commercial activity resulting from the imposition of quarantines, travel restrictions or other measures, or a failure of containment efforts, may adversely affect your investments, including by causing supply chain delays or disruptions or staffing shortages. In addition, the imposition of travel restrictions may affect the ability of personnel of Eagle or of our third-party service providers who evaluate Sub-Managers and strategies to travel to meet with Sub-Managers, which could negatively impact our or their ability to effectively evaluate them or to service your account. Finally, the outbreak of Coronavirus has contributed to, and may continue to contribute to, volatility in financial markets, including changes in interest rates. A continued outbreak may have a material and adverse impact on your investment returns. The impact of a public health crisis such as the Coronavirus (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to the performance of your investments.

Other Business Interruptions. Our investment advisory activities or operations could be interrupted or adversely affected by extraordinary events, emergency situations or circumstances beyond our control, including outbreaks of infectious diseases, pandemics or any other serious public health concerns, war, terrorism, failures of technology, accidents, disasters, government macroeconomic policies or social

instability. To mitigate the effects of these types of events, we may activate our business continuity and disaster recovery plans. These plans may, for example, require our employees to work and access our information technology, communications or other systems from their homes or other remote locations. However, our business continuity and disaster recovery plans may not be successful, or we could be delayed in implementing or recovering our investment advisory activities or operations. For example, we may have issues or delays in accessing our information technology, communications or other systems, which could have a material adverse effect on our business and our ability to service your account.

Technology and Cyber Security. We depend on information technology, telecommunication and other operational systems, including both proprietary or internal systems and systems used or provided by third-party service providers (such as platform providers, custodians, administrators, financial intermediaries, transfer agents and other parties to which we or they outsource the provision of services or business operations). These systems may become disabled or fail to operate properly as a result of events or circumstances wholly or partly beyond our or their control. Further, despite implementation of a variety of risk management and security measures, our information technology and other systems, and those of service providers, could be subject to unauthorized access or other security breaches, resulting in a failure to maintain the security, availability, integrity and confidentiality of data assets. In addition, we or our third-party service providers may process, store or transmit electronic information, including information relating to client transactions and personally identifiable information. We have procedures and systems in place that are designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Moreover, our third-party service providers are subject to the same electronic information security threats as Eagle. If a service provider does not adopt or adhere to adequate data security policies, or its networks are breached, information relating to client transactions and personally identifiable information may be lost or improperly accessed, used or disclosed. Technology failures or cyber security breaches, whether deliberate or unintentional, including those arising from use of third-party service providers, could have a material adverse effect on our business and could result in, among other things, financial loss, reputational damage, regulatory penalties or the inability to transact business.

Item 9 Disciplinary Information

On April 17, 2020, Eagle settled an administrative action with the SEC. In deciding to enter into this settlement, the SEC considered that Eagle had self-reported its conduct in June 2018 under the SEC's Share Class Selection Disclosure Initiative.

The settlement order found that at times during the period from January 1, 2014 to March 30, 2016, Eagle did not adequately disclose the conflicts of interest associated with clients' purchasing or holding mutual fund share classes that paid 12b-1 fees to its affiliated broker-dealer when lower-cost share classes of the same funds were available. 12b-1 fees are recurring mutual fund distribution and shareholder servicing fees that are deducted from the mutual fund's assets and typically paid to the broker-dealer distributing or selling the shares.

Under the terms of the settlement, Eagle, without admitting or denying the findings, consented to a cease and desist order that included a censure and finding of a willful violation of Section 206(2) of the Advisers Act. Eagle agreed to pay disgorgement and prejudgment interest to affected clients totaling \$101,090.46. Additional settlement terms included agreement to: review and, as necessary, correct relevant disclosure documents concerning mutual fund share class selection and 12b-1 fees; and evaluate whether clients should be moved to an available lower-cost share class and, as necessary, move clients to such classes.

Eagle is committed to placing our clients' interest first and fully meeting our fiduciary and regulatory obligations. To that end, we have taken several important steps over the last few years to enhance our disclosures and eliminate conflicts to the extent possible. As of March 31, 2016, Eagle had enhanced client-facing disclosures to fully address conflicts of interest associated with the receipt of 12b-1 fees. Since then, Eagle has also eliminated mutual funds paying 12b-1 fees from its Lifetime Wealth Portfolios ("LWP") programs to the extent lower cost mutual fund share classes were available and has moved clients to such share classes as necessary. Since July 1, 2019, Eagle has credited LWP client accounts with all 12b-1 fees received regardless of whether lower cost mutual fund share classes were available.

A copy of the SEC Order is available at: www.sec.gov/litigation/admin/2020/ia-5480.pdf

Item 10 Other Financial Industry Activities and Affiliations

A. BROKER-DEALER REGISTRATION

Eagle is not registered as a broker-dealer. Some management persons and back office personnel of Eagle and all IARs are also registered representatives of NYLIFE Securities, an affiliated broker-dealer.

B. OTHER REGISTRATIONS

Neither Eagle nor any of its management persons are registered as a Futures Commission Merchant, Commodity Pool Operator or as a Commodity Trading Advisor, or associated person of any of these types of entities.

C. MATERIAL RELATIONSHIPS WITH RELATED PERSONS

Eagle is a wholly owned subsidiary of NYLIFE LLC, which in turn is a wholly owned subsidiary of New York Life Insurance Company, a New York mutual life insurance company. Eagle is also an affiliate of two other insurance companies, NYLIAC and NYLIFE Insurance Company of Arizona. New York Life's and its affiliated insurance companies' principal business is the sale of individual and group life insurance and annuity contracts. IARs, acting in their capacity as agents of New York Life and its affiliated insurance companies, receive compensation for the sale of proprietary insurance and annuity products, as well as for such products that are issued by unaffiliated insurance carriers.

We are affiliated with the following broker-dealers, which are indirect wholly owned subsidiaries of New York Life:

- **NYLIFE Securities** is registered with the SEC as a broker-dealer and is a member of the Financial Industry Regulatory Authority (FINRA). All IARs are also registered as representatives of NYLIFE Securities and, acting in their capacity as registered representatives of NYLIFE Securities, receive commissions or other compensation for the sale of securities products offered through NYLIFE Securities.
- **NYLIFE Distributors LLC** (“Distributors”) is registered with the SEC as a broker-dealer and is a FINRA member. It is the principal underwriter of the MainStay mutual funds, which are managed by NYLIM, an Eagle affiliate. Distributors is also the principal underwriter for variable insurance and variable annuity contracts issued by NYLIAC.

Eagle is affiliated with several registered investment advisers. New York Life Investment Management LLC is the manager of the MainStay mutual funds, and other Eagle affiliates are sub-advisers to some of these funds or to third party funds. Eagle is also affiliated with Index IQ Advisors LLC, which is the manager of the IndexIQ ETFs. Conflicts may arise because investments in funds managed by our affiliates result in their earning additional management fees and other compensation. This conflict is mitigated because Eagle and the IAR receive no portion of this compensation.

Currently, Eagle's investment adviser affiliates do not provide investment advisory services directly to Eagle clients. A list of Eagle's affiliated investment advisers can be found in Eagle's Form ADV Part 1.

See Item 5C (*Other Fees and Expenses*) and Item 5E (*Other Compensation to Eagle and Investment Adviser Representatives for the Sale of Securities and Other Investment Products*) for further discussions of conflicts of interest.

D. SELECTION OF OTHER ADVISERS

Eagle (or its affiliates) has business relationships with some of the third-party advisers that act, or have affiliates that act, as Managers in the EIMP Program or Advisers in the Solicitor Program for services other than portfolio management. For example, Eagle receives various other services from Morningstar (or an affiliate). IARs could be inclined to recommend a Manager or Adviser because of their familiarity with the Manager or Adviser as the provider of other services in the programs. We address this conflict by disclosing it to you.

See Item 14A (*Economic Benefits Provided by Third Parties for Advice Rendered to Clients*) for further discussions of conflicts of interest.

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

A. CODE OF ETHICS PURSUANT TO SEC RULE 204A-1

The Eagle Strategies Code of Ethics (“Code”) sets out the standards of business conduct for Eagle personnel who are “Supervised Persons” under SEC guidelines, and serves as an ethical blueprint for ensuring that all Eagle clients are treated fairly. In general, Supervised Persons include IARs, staff

members and New York Life employees who primarily work on Eagle business. The Code emphasizes Eagle's core values, our commitment to complying with securities laws, and protecting and preventing the misuse of material nonpublic information. The Code also contains ethical standards applying to IARs including guidelines on fiduciary responsibilities and restrictions on the giving and receiving gifts. In addition, certain individuals with access to Eagle account order or holdings data are considered "Access Persons" under the Code and are subject to additional requirements regarding personal trading. The Code is one of the tools we use to mitigate some of the conflicts of interest described in this Brochure.

We will provide the Code to all clients and prospective clients upon written request to:

Eagle Strategies LLC
Attn: Eagle Regulatory Support & Oversight
51 Madison Avenue
Floor 3B, Room 0304
New York, NY 10010

B. RECOMMENDATIONS INVOLVING SECURITIES IN WHICH EAGLE HAS A MATERIAL FINANCIAL INTEREST

An Eagle financial plan does not recommend specific products. After presenting a financial plan, our IARs may offer various insurance products (acting as an agent for New York Life and its affiliated insurance companies), NYLIFE Securities products (acting as a registered representative of NYLIFE Securities) or Eagle advisory services (acting as an IAR). You are free to decide whether to carry out any of the plan recommendations and whether to implement some or all of the recommendations through New York Life (and its affiliates) and its sales force or through any other person or financial service institution.

In the EIMP Program and the Solicitor Program, a Manager or Adviser may recommend a mutual fund or ETF that is managed by an Eagle affiliate. Since the Manager or Adviser, not Eagle or your IAR, has discretion over the securities bought and sold in your account, Eagle and the IAR cannot restrict the use of affiliated funds. You may be able to work with the Manager or Adviser to implement investment restrictions that would prevent such purchases. Please review the Manager's or Adviser's Form ADV Part 2A (available at www.adviserinfo.sec.gov). You may also work with your IAR to select a new Manager or Adviser.

See Item 5C (*Other Fees and Expenses*) for a further discussion of conflicts of interest.

C. CONFLICTS IN CONNECTION WITH PERSONAL TRADING

Under the programs described in this Brochure, your IAR may from time to time recommend to you:

- Securities (or related securities, such as warrants, options or futures) in which we, an IAR, or an Eagle affiliate invests or otherwise has a material financial interest; or
- Securities at or about the same time that we, an IAR, or an Eagle affiliate buys or sells the same securities for their own account.

A conflict could arise where Eagle, an IAR or an Eagle affiliate takes an action with a security that disadvantages a client purchasing or selling the same security. Also, Eagle's affiliates may periodically acquire confidential information about the funds available in the programs described in this Brochure;

however, Eagle does not coordinate advisory activities with its investment adviser affiliates. The Code specifies personal securities transaction procedures designed to prevent unethical trading practices. These procedures do not apply to the programs in this Brochure, as your IAR is not recommending or making specific trades for any client in these programs.

D. CONFLICTS IN CONNECTION WITH TIMING OF PERSONAL TRADING

The Code specifies personal securities transaction procedures designed to prevent unethical trading practices. These procedures do not apply to the programs in this Brochure, as your IAR is not recommending or making specific trades for any client in these programs.

Item 12 Brokerage Practices

A. SELECTION OF BROKER-DEALERS

For the programs in this Brochure, Eagle does not select, recommend or route transactions to a broker-dealer. Clients should review the Plan Sponsor, Manager or Adviser documents for information on brokerage, including how brokers are selected and charges for executing transactions.

B. AGGREGATION OF TRADES ACROSS MULTIPLE CLIENT ACCOUNTS

For the programs in this Brochure, Eagle does not aggregate any purchases or sales of securities for client accounts. Clients should review the Plan Sponsor, Manager or Adviser documents for information on their trade aggregation practices.

Item 13 Review of Accounts

A. PERIODIC REVIEWS

Eagle and its IARs do not periodically review financial plans once they are issued. Clients wishing to update their financial plans need to request a new financial plan and will generally pay an additional fee.

In CP, your IAR reviews and reports to you at least quarterly on the performance of your plan's recommended funds and any other significant developments regarding those funds.

In EIMP, your IAR reviews your account's performance and fees, and any significant developments regarding the Manager, at least quarterly. Your IAR also meets with you at least semi-annually to review your plan. Eagle or Envestnet|PMC, an unaffiliated service provider selected by Eagle, evaluates the Managers offered through EIMP. These Managers are then reviewed by Eagle's Investment Committee, which includes representatives from Eagle's Product department, Eagle senior management and legal and compliance personnel. To continue to be offered, these Managers must continue to perform in line with their stated mandates and must not be the subject of any outstanding material compliance or regulatory concerns. Eagle may, at times, increase the level or frequency of monitoring of Managers available in EIMP.

For the Solicitor Program, Eagle or Envestnet|PMC evaluates the Advisers. The Advisers are then reviewed by Eagle's Investment Committee. To continue to be offered, these Advisers must continue to perform in line with their stated mandates and must not be the subject of any outstanding material compliance or regulatory concerns. Eagle may, at times, increase the level or frequency of monitoring of Advisers available in the Solicitor Program.

In the Solicitor Program, your selected Adviser is responsible for managing your portfolio. While our IARs do not provide advisory services in the Solicitor Program, your IAR is available to consult with you at least annually to review your account, investment objectives, financial situation, risk tolerance, time horizon and any investment restrictions, and will communicate applicable changes to your selected Adviser. In addition, at your request, your IAR is available to coordinate meetings together with you and the Adviser to review your account's investment allocation, performance and fees.

On an annual basis, the Managing Partner who supervises the office to which your IAR is assigned, or another designated person in that office, reviews a sample of Eagle client files for each IAR assigned to that office.

B. NON-PERIODIC REVIEWS

If a client complains or raises concerns, we review the relevant accounts or services.

C. REGULAR REPORTS PROVIDED TO CLIENTS

Financial planning clients receive no regular reports from us. If you wish, you may ask your IAR to update your financial plan for an additional fee.

CP clients receive a quarterly Fi360 monitoring report from their IAR. EIMP clients receive statement information from their recordkeeper.

All reports described above are written.

Item 14 Client Referrals and Other Compensation

A. ECONOMIC BENEFITS PROVIDED BY THIRD PARTIES FOR ADVICE RENDERED TO CLIENTS

We are a party to cash solicitation agreements with Brinker Capital and Frontier. We and our IARs receive compensation under these agreements for introducing clients to these Advisers and for providing certain ongoing services. This compensation is typically equal to a percentage of the investment advisory fee charged by an Adviser (which, in turn, is based on the total assets being managed by the Adviser on a client's behalf). This compensation is generally paid to us by each Adviser on a monthly or quarterly basis, and we pay a portion to the IAR. Additional disclosure, including applicable Forms ADV and solicitor disclosure documents, are provided to you at the time of solicitation in accordance with Rule 206(4)-3 under the Advisers Act.

Please see Item 5 (*Fees and Compensation*) above for more information on conflicts of interest relating to fees and compensation.

Receipt of compensation, and differentials in compensation, create a conflict of interest. We address this conflict through disclosure.

B. COMPENSATION TO NON-ADVISORY PERSONNEL FOR CLIENT REFERRALS

We do not currently have any referral arrangements involving non-advisory personnel.

Item 15 Custody

Eagle does not have custody of any client assets in the programs described in this Brochure.

Item 16 Investment Discretion

In CP, the Plan Sponsor decides what recommended funds, ETFs, or ETNs will be available to plan participants. Please see the appropriate plan documents for information on how the plan works, including who makes the investment decisions for plan participants.

Managers in EIMP exercise discretion over client accounts. You directly grant discretion to the Manager.

In certain limited instances, we may also permit an IAR to hold a power of attorney or act as a trustee over a family member's Eagle account, which also involves an IAR exercising discretionary authority over client assets.

Item 17 Voting Client Securities

A. PROXY VOTING POLICIES AND PROCEDURES

Eagle does not have authority to vote proxies, handle corporate actions nor participate in any legal proceedings involving security holdings for programs in this Brochure.

B. CLIENT VOTING OF SECURITIES

Eagle does not have authority to vote proxies, handle corporate actions nor participate in any legal proceedings involving account holdings for programs in this Brochure. We also do not provide advice to clients on these matters, and you should not contact Eagle or your IAR with questions about proxy solicitations, corporate actions or legal proceedings. Managers or Advisers might vote proxies, respond to corporate actions, or participate in legal proceedings on your behalf. For more information, please read the client agreement you sign with the Manager or Adviser, together with its Form ADV Part 2A (available at www.adviserinfo.sec.gov).

Item 18 Financial Information

A. BALANCE SHEET

A copy of our most recent audited financial statement, including balance sheet, is attached.

B. FINANCIAL CONDITION

We are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to clients.

C. BANKRUPTCY PETITIONS DURING THE PAST TEN YEARS

We have never filed a bankruptcy petition, nor have we ever been subject to an involuntary bankruptcy petition.

Item 19 Requirements for State-Registered Advisers

Eagle is federally registered as an investment adviser with the SEC. It is not registered as an investment adviser in any state nor is it required to be.

Eagle Strategies LLC

(An affiliate of New York Life Insurance Company)

Statement of Financial Condition

December 31, 2019

Eagle Strategies LLC
(An affiliate of New York Life Insurance Company)
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Report of Independent Auditors

To the Management and Board of Managers of Eagle Strategies LLC

We have audited the accompanying statement of financial condition of Eagle Strategies LLC (the "Company") as of December 31, 2019.

Management's Responsibility for the Statement of Financial Condition

Management is responsible for the preparation and fair presentation of the statement of financial condition in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a statement of financial condition that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the statement of financial condition based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of financial condition. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the statement of financial condition, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the statement of financial condition in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statement of financial condition. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Eagle Strategies LLC as of December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

March 27, 2020

Eagle Strategies LLC
(An affiliate of New York Life Insurance Company)
Statement of Financial Condition
December 31, 2019

(in US dollars)

Assets

| | |
|---------------------------------------|----------------------|
| Cash and cash equivalents | \$ 15,189,589 |
| Investments | 32,741 |
| Financial planning fees receivable | 24,171 |
| Wrap fees receivable | 844,000 |
| Receivable from NYLIFE Securities LLC | 599,085 |
| Loan receivable | 9,627 |
| Prepaid expenses and other assets | 157,614 |
| Prepaid commission expense | 2,879,161 |
| Deferred tax asset | 3,318,209 |
| Total assets | \$ 23,054,197 |

Liabilities and Member's Equity

| | |
|--|----------------------|
| Commissions payable | \$ 818,623 |
| Deferred fee income | 3,658,018 |
| Deferred investment fee plan | 15,668,800 |
| Other accrued liabilities | 28,752 |
| Accrued litigation expense | 14,033 |
| Federal income taxes payable | 207,495 |
| Payable to New York Life Insurance Company | 778,251 |
| Total liabilities | 21,173,972 |
| Total member's equity | 1,880,225 |
| Total liabilities and member's equity | \$ 23,054,197 |

The accompanying notes are an integral part of this financial statement.

Eagle Strategies LLC
(An affiliate of New York Life Insurance Company)
Notes to Statement of Financial Condition
December 31, 2019

(in US dollars)

1. Organization and Business

Eagle Strategies LLC (the “Company”) is a wholly-owned subsidiary of NYLIFE LLC (a wholly-owned subsidiary of New York Life Insurance Company, “NYLIC”). The Company is a Registered Investment Adviser with the Securities and Exchange Commission (“SEC”). The Company provides financial planning and investment advisory services to clients through associated financial advisors (“Advisors”) who are registered with NYLIFE Securities LLC (“Securities”), an affiliated broker-dealer and wholly-owned subsidiary of NYLIFE LLC.

2. Basis of Presentation

The accompanying Statement of Financial Condition has been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

A summary of significant accounting policies is included in Note 3 - Summary of Significant Accounting Policies.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of this Statement of Financial Condition in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Statement of Financial Condition. Actual results could materially differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and a money market account that is payable on demand and is discussed in Note 5 - Fair Value Measurement.

Investments

Investments primarily consist of money market funds in a Lifetime Wealth Portfolio (“LWP”) managed account.

LWP is an investment advisory program, offered through the Company that provides professional money management by independent third-party sub-advisors. The Company’s money market funds within the managed account are recorded at fair value. Investments carried at fair value are discussed in Note 5 - Fair Value Measurement.

Financial planning fees receivable

An out of period adjustment related to an over accrual of financial planning fees receivable and associated deferred fee income in the amount of \$333,425, over accrual of financial planning commissions payable and associated prepaid commissions expense in the amount of \$266,740 in the prior year is reported in current year. The correction was the result of recording financial planning fees receivable on contracts where the financial plan has not yet been completed. There was no impact to the opening balance of the current year’s Member’s equity. Management has performed an evaluation under ASC 250 Accounting Changes and Error Correction and concluded

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that the error is immaterial to prior year financial statements and the correction of error is immaterial to the current year financial statements.

Commissions payable

Commissions payable are amounts due to Advisors for financial planning and investment advisory services performed for the Company's clients and are calculated based on financial planning and wrap fees receivable.

Deferred fee income

Deferred fee income consists of financial planning fee income not yet earned.

Deferred Investment Fee Plan

The Company maintains the Deferred Investment Fee Plan ("DIF") for Advisors, which is a non-qualified, unfunded plan that allows eligible Advisors to defer a percentage of their wrap fee commissions. Under the DIF, deferral balances are credited with returns based on a fixed rate set by the Company each year. Advisors can take distributions from the DIF on an annual basis. The Company records a liability for the deferrals and credited returns earned on the deferred investment fee plan liability on the Statement of Financial Condition.

Business Succession Program

The Company maintains a Business Succession Program for approved Advisors. The program allows a successor Advisor ("Successor") to provide investment advisory services to clients of a senior Advisor ("Senior") upon the Senior's retirement, disability or death with the Successor agreeing to pay the Senior a Succession Fee in five annual installments. The Company enters into a Loan and Security agreement with the Successor to finance the Succession Fee. The Successor repays the loan, with interest, using investment advisory fees from services that the Successor provides to the succeeded clients. Accordingly, the Company records an asset for the loan amount and accrued interest on the Statement of Financial Condition. As of December 31, 2019, there is an accrued loan and interest receivable amount of \$9,627 which is reflected in loan receivable on the Statement of Financial Condition.

Income Taxes

For U.S. federal income tax purposes, the Company is treated as a limited liability company whose federal taxable income or loss flows through NYLIC and is included in the group's U.S. federal consolidated income tax return. The consolidated income tax provision or benefit is allocated among the members of the group in accordance with a tax allocation agreement. The tax allocation agreement provides that the Company computes its income tax provision or benefit, in general, on a separate company basis and may, where applicable, include the tax benefits of operating or capital losses utilizable in NYLIC's consolidated returns. Intercompany tax balances are generally settled quarterly on an estimated basis with a final settlement within 30 days of the filing of the consolidated return. Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year and any adjustments to such estimates from prior years.

State and local tax returns are generally filed separately. In those cases where the Company's results are included with NYLIC's state tax filings, the Company is charged or credited for state taxes paid by NYLIC only to the extent that the Company's income/loss increases or reduces NYLIC's state tax liability. However, in years where NYLIC's own income level requires it to pay a

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(in US dollars)

flat state tax and the Company's income/loss does not affect NYLIC's state tax liability, no state tax liability or benefit is allocated to the Company pursuant to the tax allocation agreement.

Deferred federal income tax assets and liabilities are recognized for expected future tax consequences of temporary differences between GAAP and taxable income. Temporary differences are identified and measured using a balance sheet approach whereby GAAP and tax balance sheets are compared. Deferred income taxes are generally recognized based on enacted tax rates and a valuation allowance is recorded if it is more likely than not any portion of the deferred tax asset will not be realized.

In accordance with the authoritative guidance related to income taxes, the Company determines whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. The amount of tax benefit recognized for an uncertain tax position is the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. Unrecognized tax benefits are combined within other liabilities and are charged to earnings in the period that such determination is made. The Company classifies interest and penalties related to tax uncertainties as income tax expense.

Accrued Litigation Expense

Litigation expenses are accrued when they become probable and estimable. Management believes the liability of \$14,033 is sufficient to cover remaining settlement and legal costs for pending matters.

Guarantees

Under the business succession program, the Company acts as guarantor with respect to a Successor's obligation to pay succession fees up to the total maximum amount and the annual maximum amounts set forth in the Loan and Security agreement between Successor and Senior.

At December 31, 2019, the Company had no recorded liabilities with this guarantee. Under current Loan and Security Agreements, the Company could be liable for guaranteeing \$48,315 of succession fees in future years.

Business Risks and Uncertainties

Underperforming or volatile market performance may adversely affect the Company's investment offerings and cause potential purchasers of these offerings to refrain from new or additional investments and may cause current investors to withdraw from the market or reduce their rates of ongoing investment. Poor market performance may impact the value of the assets under management in clients' managed accounts. Changes in the regulatory environment may also adversely affect the Company's investment offerings. These factors could impact the financial condition of the Company.

The Company is subject to concentration credit risk when its cash deposits at a financial institution exceed the Federal Deposit Insurance Corporation ("FDIC") insurance of \$250,000. At December 31, 2019 the Company had no deposits in excess of the FDIC insured limit.

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(in US dollars)

The Company relies on technology systems and solutions to conduct business and to retain, store and manage confidential information. The failure of the Company's technology systems and solutions, or those of a vendor, for any reason has the potential to disrupt its operations, result in the loss of customer business, damage the Company's reputation, and expose the Company to litigation and regulatory action, all of which could adversely impact its profitability.

4. Recent Accounting Pronouncements Adopted in the Current Year

In February 2016, the FASB issued updated guidance on accounting for leases which requires lessees to recognize almost all leases on the balance sheet as a right-of-use asset and a lease liability. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities rather to recognize lease expense on a straight-line basis over the term of the lease. The recognition, measurement, and presentation of expenses and cash flows arising from a lease have not significantly changed. Also, fundamental changes were not made to the lessor accounting.

The Company adopted the guidance on January 1, 2019 using a modified retrospective approach. The adoption of this guidance did not have an impact on the Statement of Financial Condition of the Company as no arrangements were identified that met the definition of a lease under ASC 842, Leases.

5. Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance around fair value establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The three levels of the fair value hierarchy based on the inputs to the valuation are as follows:

- | | |
|---------|--|
| Level 1 | Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market. Active markets are defined as a market which many transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. |
| Level 2 | Fair value is based on observable inputs, other than Level 1 inputs, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other model driven inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Valuations are generally obtained from third-party pricing services for identical or comparable assets or through the use of valuation methodologies using observable market inputs. |

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Level 3 Instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions in pricing the asset or liability.

Determination of Fair Values

The Company has an established process for determining fair value. Security pricing is applied using a hierarchy approach whereby publicly available prices are first sought from third party pricing services.

The following table represents the balances of assets measured at fair value on a recurring basis as of December 31, 2019:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|------------------------|--|--|--|---------------|
| Cash equivalents | | | | |
| Money market funds | \$ 15,113,478 | \$ - | \$ - | \$ 15,113,478 |
| Total cash equivalents | \$ 15,113,478 | \$ - | \$ - | \$ 15,113,478 |
| Investments | | | | |
| Money market funds | \$ 32,741 | \$ - | \$ - | \$ 32,741 |
| Total Investments | \$ 32,741 | \$ - | \$ - | \$ 32,741 |

The following is a description of the valuation methodologies used to determine fair value, as well as the general classification of such instruments pursuant to the fair value hierarchy.

Cash Equivalents

Cash equivalents include money market funds. Money market funds fair value is based on unadjusted quoted prices in active markets and they are classified as Level 1.

Investments

Investments carried at fair value include money market funds held in a managed account. Money market funds fair value is based on unadjusted quoted prices in active markets and are classified as Level 1.

Transfers Between Levels

Transfers between levels may occur due to changes in valuation sources, or changes in the availability of market observable inputs, which generally are caused by changes in market conditions such as liquidity, trading volume or bid-ask spreads. The Company's policy is to assume the transfer occurs at the beginning of the period. During the year ended December 31, 2019, there were no transfers between Levels 1 and 2. There were no Level 3 assets or liabilities during the year and no transfers into or out of Level 3 during the year.

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6. Related Party Transactions

The Company, under a service agreement with Securities is billed by Securities for separately identifiable brokerage services, including clearing and custody services, provided to the Company through Securities' nonaffiliated clearing broker in connection with the Company's investment advisory programs. At December 31, 2019, there is a net receivable related to brokerage services with Securities of \$599,085 which is reflected in receivable from NYLIFE Securities LLC on the Statement of Financial Condition.

The Company is party to a service agreement with NYLIC whereby NYLIC provides services to the Company. The Company is charged for certain services based upon separately identifiable actual costs incurred. The services include personnel, office space, other services, administrative and professional fees. Also pursuant to the service agreement with NYLIC, the Company is charged administrative expenses from NYLIC which are specifically identifiable to the Company or allocated by NYLIC principally through analyses of time spent on matters relating to the Company or pursuant to agreed upon formulas.

7. Income Taxes

Pursuant to the tax allocation agreement (see Note 3 - Significant Accounting Policies), as of December 31, 2019 the Company had a net income tax payable of \$207,495.

Deferred income taxes are generally recognized, based on enacted tax rates, when assets and liabilities have different values for the Statement of Financial Condition and tax purposes.

The components of the net deferred tax asset reported as of December 31, 2019 are attributable to the following temporary differences:

| | |
|----------------------------|---------------------|
| Deferred tax assets | |
| Deferred compensation | \$ 3,290,448 |
| Depreciation | 24,814 |
| Non-deductible reserves | 2,947 |
| Deferred tax asset | <u>\$ 3,318,209</u> |

As of December 31, 2019, the Company has no federal net operating or capital loss carryforwards.

A valuation allowance against the deferred tax asset established at the date of the Statement of Financial Condition is not considered necessary because it is more likely than not the deferred tax asset will be realized.

As a member of NYLIC's consolidated group, the Company's federal income tax returns are routinely audited by the Internal Revenue Service ("IRS") and provisions are made in the financial statements in anticipation of the results of these audits. The IRS has completed audits through 2010 and tax years 2011 through 2013 are currently with the IRS. The Company believes that its recorded income tax liabilities are adequate for all open years.

The Company did not have any uncertain tax positions as of December 31, 2019.

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8. Contingencies

As of December 31, 2019, the Company recorded a debit of \$1,390,700 in Other accrued liabilities on the Statement of Financial Condition, consisting of a reversal of contingent reimbursement payments to clients relating to the SEC Share Class Selection Disclosure Initiative (“the Initiative”). A contingent liability of \$1,405,700 was recorded in 2018.

The Initiative provided registered investment advisers with the opportunity to self-report their inadequate disclosure of conflicts of interest relating to their receipt of shareholder servicing and distribution fees (known as “12b-1 fees”) for recommending that clients purchase or hold 12b-1 fee-paying mutual fund share classes when lower-cost share classes of the same funds were available. Firms participating in the Initiative were not subject to monetary sanctions but were required to reimburse affected clients and agreed to a consent order that contained specified terms.

In early 2020, the SEC staff accepted the Company’s position that its disclosures for certain LWP programs were adequate. As a result, \$1,390,700 of the contingent liability was not required.

9. Subsequent Events

The Company has performed an evaluation of events that have occurred subsequent to December 31, 2019, and through March 27, 2020, the date of the filing of this report. On January 29, 2020 the Company received a capital contribution from its parent, NYLIFE LLC, in the amount of \$4,000,000. There have been no other material subsequent events that occurred during such period that would require disclosure or would be required to be recognized in the financial statements as of December 31, 2019.