

# Disclosure Brochure

March 2020

## **WealthPLAN Partners, LLC**

*CRD# 305026*

*A Registered Investment Adviser*

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Omaha, NE 68154

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This Disclosure Brochure provides information about the business and practices of WealthPLAN Partners, LLC. The purpose of the brochure is to provide information to you so that you can understand and use our services more effectively. Please call us at our main office number listed above if you have questions about the content of this brochure.

WPP is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The investment advisory services that are described within this brochure are not insured or otherwise protected by the U.S Government, the FDIC, the Federal Reserve Board, or any other government agency. All investments involve risk, including the possible loss of principal.

The information in the brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Additional information about WealthPLAN Partners, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), by searching for WealthPLAN Partners, LLC or using CRD number 305026.

**WealthPLAN Partners, LLC, a Registered Investment Adviser**

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[www.WEALTHPLAN.PARTNERS](http://www.WEALTHPLAN.PARTNERS)

## Item 2. Material Changes

Since our last annual amendment filing,

- We have entered into the TD Ameritrade Adviser Direct program. Please see Item 14 below for further details.
- The succession from WealthPLAN Partners, Inc. was approved by the SEC, we are currently in the process of assigning all clients over to our firm. The service team, the advisor of record as well as the arrangement our clients have entered with WealthPLAN Partners, Inc. will not change when assigned to WealthPLAN Partners, LLC.
- Charles Schwab & Co., Inc. ("Schwab"), TD Ameritrade, Inc. ("TD Ameritrade"), recently eliminated transaction fees for U.S. listed equities and exchange traded funds.
- TD Ameritrade announced that it will be acquired by Charles Schwab & Co., Inc. The acquisition is expected to be completed in the summer of 2020. We will provide additional information about the acquisition as it becomes available.
- Our firm offers the Securities America Advisors, Inc. Financial Advisor Program and the Managed Opportunity Program and as such will recommend the broker/dealer and custodial services of National Financial Services, LLC (NFS) or Pershing, LLC (Pershing).
- We have further clarified the processes in place for the use of Securities America Advisors, Inc. Financial Advisors Program as well as the Managed Opportunities Program. For more information please see section 4, 5, 7 and 13 of this brochure.

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## **Item 4. Advisory Business**

WealthPLAN Partners, LLC is a Registered Investment Adviser with our primary location in Omaha, NE. In addition to doing business under our name WealthPLAN Partners, LLC, we also have various Investment Advisor Representatives who use different Doing Business As (DBA) names which are all disclosed on our ADV Pt. 1. The firm is a Limited Liability Company under the laws of the State of Nebraska and has been in business as an independent registered investment adviser since December 2019. The firm is fully owned by Todd Feltz a Brent O'Mara and Wade Behlen each holding 32% ownership interests and Jack Holmes holding 3%.

This Disclosure Brochure describes our business. In this brochure, the words, “we,” “our,” “the firm” and “us” refer to the firm and the words “you”, “your”, and “client” refer to you as either the client or prospective client of our firm. Investment Advisor Representatives may have their own legal business entities whose business names and logos may appear on marketing materials as approved by WealthPLAN Partners, LLC, or client statements as approved by the Custodian. The Client should understand that the businesses are legal entities of the Investment Advisor Representative and not of WealthPLAN Partners, LLC, nor the Custodian. Additionally, the business entity may provide services other than as an Investment Advisor Representative as disclosed herein; However, Investment Advisory Services of the Investment Advisor Representatives are provided through WealthPLAN Partners, LLC.

We provide financial planning, consulting, and investment management services. Prior to engaging us to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with the firm, setting forth the terms and conditions under which we render our services (collectively the “Agreement”).

As of March 26, 2019, the Firm has \$402,204,106 in assets under management, all of which are managed on a discretionary basis.

### **Business Entities of Investment Advisor Representatives**

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Investment Advisor Representatives may have their own legal business entities whose business names and logos may appear on marketing materials as approved by WealthPLAN Partners, LLC, or client statements as approved by the Custodian. The Client should understand that the businesses are legal entities of the Investment Advisor Representative and not of WealthPLAN Partners, LLC, nor the Custodian. Additionally, the business entity may provide services other than as an Investment Advisor Representative as disclosed herein; However, Investment Advisory Services of the Investment Advisor Representatives are provided through WealthPLAN Partners, LLC.

## **Financial Planning and Consulting Services**

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We may provide our clients with a broad range of comprehensive financial planning and consulting services. These services include business planning, investments, insurance, retirement, education, estate planning, and tax and cash flow needs of the client. Financial planning services will be provided in an ongoing relationship.

In performing these services, we are not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and are expressly authorized to rely on such information. We may recommend our own services, our Advisory representatives in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement these recommendations. Clients are advised that a conflict of interest exists if we recommend our own services. The client is under no obligation to act upon any of the recommendations we make under a financial planning or consulting engagement or to engage us or the services of any such recommended professional. The client retains absolute discretion over all such implementation of decisions and is free to accept or reject any of our recommendations. We strongly recommend you promptly notify us if there is ever a change in your financial situation or investment objectives for the purpose of reviewing, evaluating, or revising our previous recommendations and/or services.

Results of the analysis or review may be provided verbally, in a written financial plan or analysis, or delivered via online access to a financial planning or analysis tool.

## **Investment Management Services**

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Clients can engage us to manage all or a portion of their assets on a discretionary basis. Clients can establish accounts at either Schwab, TD Ameritrade, Fidelity, NFS or Pershing for the custody of assets, with our assistance.

We primarily allocate clients' investment management assets among mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, managed futures, real estate partnerships and/or options, as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client. In addition, we may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. We also provide advice about any type of investment held in clients' portfolios.

We may also render non-discretionary investment advisory services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, we either direct or recommend the allocation of client assets among the various investment options that are available with the

product. Client assets are maintained at the specific insurance company or custodian designated by the product.

We tailor our advisory services to the individual needs of clients. We consult with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the client's investment needs. We strive to ensure that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance based on information provided by the client on the Client Profile form, the Fact Finder, and during a one on one meeting with the client(s) initially and at least annually. Clients are advised to promptly notify the firm if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon our management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds).

Our firm will occasionally utilize the sub-advisory services of a third-party investment advisory firm or individual advisor to aid in the implementation of an investment portfolio designed by our firm. Before selecting a firm or individual, our firm will ensure that the chosen party is properly licensed or registered.

Our firm offers a wrap fee program as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Our firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. All accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

#### **Securities America Advisors, Inc. Financial Advisors Program (FAP)**

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One of our firm's fee-based management services where it is solely responsible for making all investment recommendations and also for making changes to the managed account is available through the Financial Advisors Program (FAP) offered by Securities America Advisors, Inc. (SAA), an investment advisor registered with the Securities and Exchange Commission. FAP is a wrap-fee program, which means the advisory services and transaction services are provided for one fee rather than being charged separately. Under this program, our advisory representative assists you with establishing your FAP accounts with SAA.

Generally, brokerage transactions are processed by Securities America, Inc. (SAI), an affiliated broker/dealer of SAA, and cleared through National Financial Services, LLC (NFS) or Pershing, LLC (Pershing). SAI provides compensation to SAA to offset our administrative costs. Our firm, your representative, SAA and SAI do not act as custodians for any FAP accounts. Generally, NFS, Pershing or another custodian maintains custody of all funds and securities. Our firm is authorized to deduct fees directly from your accounts to pay for investment management services.

SAA has also entered into agreements with insurance companies that allow for managing and valuing your variable annuity accounts within FAP. The insurance companies' custodians maintain custody of all variable annuity accounts.

Asset management services through FAP can be provided on a discretionary or non-discretionary basis. Unless you elect to retain discretion on the account, the client services agreement gives your representative limited discretionary authority to buy and sell securities and investments based on your stated investment objectives. In no event will your representative, SAA or SAI be obligated to effect any transaction for you that they believe would be in violation of state or federal law, rule or regulation or any regulatory or self-regulatory body rule or regulation. The authorization you sign is a continuing one and remains in full force and effect and will be relied upon by your representative, SAA or SAI until written notice of termination or change is received from you by your representative, WPP, SAA or SAI.

A complete description of FAP related fees, charges, due dates and termination procedures are described in the FAP Disclosure Brochure Appendix (Wrap Fee Program Brochure) prepared by SAA. The Wrap Fee Program Brochure is given to you prior to or at the time you establish an FAP account.

#### **Securities America Advisors, Inc. Managed Opportunities Program (MOP)**

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The Managed Opportunities Program (Managed Opportunities) is a wrap fee program developed by Securities America Advisors, Inc. (SAA), an investment advisor registered with the Securities and Exchange Commission. Managed Opportunities provides clients with the opportunity to establish fund strategist portfolios, separate account portfolios and unified managed account portfolios developed by third-party money managers that are registered investment advisors (collectively referred to as sub-advisors). Our firm acts as the investment advisor for your Managed Opportunities accounts and your representative acts in a referral capacity when referring you into those fund strategist, separate account and unified managed account portfolios. One or more of these sub-advisors can be affiliated entities of SAA.

Managed Opportunities also offers advisor directed portfolios. Your representative can use the advisor directed portfolio option to design investment management and asset allocation portfolio(s) for you. Your representative is acting as the portfolio manager and not using sub-advisors.

Your representative assists you in establishing a Managed Opportunities account through a web-based platform. For accounts held at National Financial Services, LLC (NFS), a master brokerage account (master account) can be established at your request for the administrative purpose of holding and transferring your assets. When liquidating positions is required for investing proceeds into a Managed Opportunities portfolio, the liquidating transactions can occur in the master account.

Generally, NFS, Pershing, LLC (Pershing) or other custodians maintain custody of funds and securities. Our firm is authorized to deduct fees directly from your accounts to pay for investment management services. In these cases, we are deemed to have limited custody of your assets. SAA and Securities America, Inc. (SAI), our affiliated broker/dealer, are also deemed to have limited custody based on certain transmittal policies.

Administrative, website, performance reporting, transaction order entry and other services are provided to us by outside service providers and sub-advisors. You grant our firm the discretionary authority to select one or more sub-advisors to provide those services to you and our firm. Envestnet Asset Management, Inc. (Envestnet) provides these sub-advisory services in the Managed Opportunities Program. Clients establishing Managed Opportunities accounts receive a copy of Envestnet's Disclosure Brochure in addition to our firms' Disclosure Brochure. SAA and Envestnet are separate, unaffiliated entities.

To establish Managed Opportunities accounts, you must provide relevant information requested by us in the New Account Application. This information assists your representatives in determining the suitability of the Managed Opportunities accounts and in establishing appropriate investment objectives. We can reasonably request other supporting documents and financial information. A Managed Opportunities Program Investment Strategy Summary is generated from the application, profile and suitability information provided by you. It summarizes recommended investment strategies and sets out the objectives and restrictions in the management of your account. Our firm, your representative and SAA provide services through the Managed Opportunities Program based solely upon information supplied by you.

#### Description of Managed Opportunities Program Investment Strategy Options

##### *Fund Strategist Account Portfolios*

Sub-advisors provide us with mutual fund and exchange traded fund asset allocation model portfolios based on the information, research, asset allocation methodology and investment strategies of the sub-advisors. We can terminate existing sub-advisor service agreements and enter into new sub-advisor agreements at our discretion. Your initial fund strategist portfolios are described in your Managed Opportunities Program Investment Strategy Summary.

##### *Separate Account Portfolios*

Sub-advisors provide us with access to a number of institutional separate account investment manager model portfolios of equity and/or fixed income securities. We can terminate existing sub-advisor agreements and enter into new sub-advisor agreements at our discretion. If a portion of the asset allocation does not meet a particular sub-advisor manager's account minimum, a mutual fund can be used in place of an



individual portfolio manager. Your initial separate account portfolios are described in your Managed Opportunities Program Investment Strategy Summary.

#### *Unified Managed Account Portfolios*

Sub-advisors provide us with access to unified managed account portfolios. These portfolios combine specialized institutional asset class managers, mutual funds and/or exchange traded funds, and SAA serves as the overlay manager to manage separate account positions in a comprehensive asset allocation portfolio of securities in a single brokerage account. Your initial unified managed account program portfolios are described on your Managed Opportunities Program Investment Strategy Summary.

#### *Advisor Directed Portfolios*

Advisor directed portfolios are managed by your representative based on the financial information and investment objectives you provide. Your representative designs one or more investment management and asset allocation portfolios for you. Your initial advisor directed portfolios are described on your Managed Opportunities Program Investment Strategy Summary.

SAA has also entered into agreements with insurance companies that allow for the management and valuation of your variable annuity accounts within the Managed Opportunities advisor directed portfolios. The insurance company custodians maintain custody of all variable annuity accounts.

#### *Managed Opportunities Program Miscellaneous*

Your representative can choose to bundle related Managed Opportunities accounts to achieve a discount on management fees.

Trading by third-party money managers can trigger wash sale rule implications. A wash sale occurs when a security is sold at a loss and then the same or substantially identical security is repurchased within a short time period. We do not necessarily manage accounts in the Managed Opportunities Program in a manner to avoid wash sale implications. You are encouraged to consult with a tax advisor to discuss any tax implications involving your portfolios in these and in all advisory programs.

A complete description of Managed Opportunities Program and related fees, charges, when due, termination procedures and the investment strategies employed in the program portfolios are described in SAA's Managed Opportunities Disclosure Brochure Appendix (Wrap Fee Program Brochure) which you receive at or prior to the time a Managed Opportunities account is established.

#### **Variable Annuity Management**

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Clients can also engage us to manage all or a portion of their previously purchased variable annuity assets on a discretionary basis. In order to engage us to manage variable annuity assets under this arrangement the client must hold the variable annuity contract for one year. After the one-year anniversary, if the client wishes to have variable annuity assets managed by us, the client(s) will be asked to enter into the firm's written investment advisory agreement. This agreement will set forth the terms and conditions of the management relationship. We provide this service without charging a separate investment advisory fee.

We may allocate clients' variable annuity subaccounts among the selections made available by the insurance company issuing the variable annuity contract. Such allocations will be made based on the investment objectives of the client. The variable annuity subaccounts will be periodically reviewed and reallocated as needed among the investment selections to remain consistent with the client's goals and objectives. All variable annuity assets are maintained at the insurance company issuing the variable annuity and the insurance company will continue to issue periodic account statements to the client as the custodian of assets.

### **Retirement Plan Consulting Services**

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We offer consulting services to retirement plan sponsors in some or all of the following areas as agreed upon in the written consulting services agreement. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If client accounts are part of a Plan, and our firm accepts appointments to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Application with respect to the provision of services described therein.

- Investment Policy Statement – assist the plan sponsor in developing or revising the plan's investment policy statement.
- Service Provider Liaison – act as a liaison between the plan and its service providers and vendors based solely on instructions from the plan.
- Investment Monitoring – perform ongoing monitoring of investments and/or investment managers based on written guidance provided by the plan
- Performance Reports – prepare reports, based on statements provided by the plan, reflecting performance of investments and/or investment managers and comparing the performance to benchmarks.
- Investment Recommendations – recommend specific investments for plan sponsor to consider within the plan or to make available to plan participants (if applicable), and/or recommend replacement investments if an existing investment is deemed no longer suitable by the plan sponsor. Unless engaged on a 3(38) Fiduciary level, all decisions regarding investments to be purchased or made available to plan participants are the responsibility of the plan sponsor

- 404(c) Assistance – assist plan in identifying investment options under the “broad range” requirement of ERISA 404(c)
  - Qualified Default Investment Alternative (QDIA) Assistance – assist client in identifying an investment alternative within the definition of QDIA under ERISA
- Education Services to Plan Sponsor – provide training for members of the plan sponsor or any plan committee with regard to their services, including education with respect to their fiduciary responsibilities.
- Participant Enrollment – assist plan in enrolling plan participants in the plan, including conducting enrollment meetings and providing participants with information about the plan such as terms and operation of the plan, benefits of plan participation, benefits of increasing plan contributions, and impact of withdrawals on retirement income.
- Participant Education – conduct group investment education meetings and plan participant advice (if requested by plan sponsor). Providing information about investment options under the plan such as investment objectives and historical performance, explaining investment concepts such as diversification, risk and return, and providing guidance as to how to determine investment time horizon and risk tolerance. WPP delivers education at the group level and may offer advice at the participant level, but since WPP does not have discretion over participant plan assets, it is the sole responsibility of the participant to make any of the changes or adjustments to their account.
- Changes in Investment Options – assist in making changes to investment options under the plan, on a 3(21) or 3(38) fiduciary level.
- Vendor Analysis – assist plan with the preparation, distribution and evaluation of Requests for Proposals, and conduct interview of final candidates.
- Benchmarking Services – provide plan with comparisons of plan data such as fees, services, participant enrollment and participant contribution levels to data from the plan’s prior years and/or similar plans.
- Fee Assessment – assist plan in identifying fees and other costs incurred by the plan for investment management, recordkeeping, participant education, and participant communication among others, as applicable.

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

We offer our services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Additionally, certain of our Advisory representatives, in their individual capacities, may offer securities brokerage services and insurance products under a commission arrangement. The firm reserves the right, in its sole discretion, to negotiate, reduce or waive the advisory fee for certain client accounts and for any period of time as determined by the firm.

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

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We may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, depending upon the level and scope of the services and the professional rendering the financial

planning and/or the consulting services. We provide three levels of financial planning services, known as Essential, Intermediate and Premier, depending on the complexity of the client's financial needs and the level of financial planning desired by the client. The fees generally range from \$1,500 to \$5,000 annually on a fixed fee basis for financial planning services, or \$1,000 to \$100,000 on a fixed fee basis for consulting services. In addition, consulting services may be offered on an hourly basis for a fee ranging from \$100 to \$300 per hour.

Prior to engaging us to provide financial planning and/or consulting services, the client and firm are required to enter into a written agreement setting forth the terms and conditions of the engagement, including the amount of the fee. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

The agreement for financial planning services is an ongoing relationship and may be terminated by either party upon written notice to the other party. Upon termination, any prepaid, unearned fees will be returned to the client, based upon the time and effort completed prior to termination of the agreement. Any fees owed to the firm upon termination will be billed to the client at that time. No refunds will be made after delivery of the services. The client will receive full disclosure and details of all arrangements in the agreement.

#### **Investment Management Fee for Individual Investors**

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We provide investment management services for an annual fee based upon a percentage of the market value of the assets being managed. Our annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. We do not, however, receive any portion of these commissions, fees, and costs. The exact billing terms will be determined on a case by case basis and shall be described in the executed advisory agreement. . The annual fee is negotiable and varies (between 0.01% and 2.50%) depending upon the market value of the assets under management and the type of investment management services to be rendered. The client will receive full disclosure and details of all arrangements in the agreement.

For the sub-advisory services rendered to our clients, our firm compensates third-party investment advisory firms or individual advisors a percentage of the overall investment advisory fee charged by our firm. The advisory fee paid shall not exceed the fee published for this service. The terms and conditions under which the client shall engage the third-party investment advisory firm or individual advisors shall be set forth in a separate agreement between the client and the designated third-party.

#### **Securities America Advisors, Inc. Financial Advisors Program (FAP) Fees**

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We charge an annual management fee for investment management services through FAP accounts. Your representative negotiates fees with you based on the complexity of your financial situation and the services that are provided, the experience and standard fees charged by your representative and the nature and total dollar asset value of the assets maintained in your account. The maximum annualized management

fee that can be charged to you for these programs by the advisor or representative is 2.5%. The exact fee charged or fee schedule used is disclosed to you prior to services being provided. Your representative can choose to bundle related FAP accounts to achieve a break on management fees. When accounts are bundled, the total average daily balance for all of the bundled accounts is used to determine the fee percentage from the fee schedule. This percentage is then applied to each account and a fee is charged to each respectively.

Typically, management fees are automatically deducted from the FAP account according to an authorization provided in the client agreement. On an exception basis, you can have your management fees paid from other accounts or have us bill you directly by invoice.

SAA retains up to 25 basis points (.25%) of your representative's annualized management fee as compensation for providing administrative and support services. SAA and your representative will then split the balance of the annualized management fee by a pre-determined payout schedule. Account bundling does not reduce the administrative fee; each account is priced separately for purposes of the administrative fee. Representatives can receive a reduced administrative and support services fee based on total assets under management placed in the FAP, therefore creating a potential conflict of interest.

You can also be assessed ticket charges on account transactions and other miscellaneous charges by SAI, NFS or Pershing on account transactions. Miscellaneous charges can include custodial fees levied by the custodian. Account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds or exchange traded funds.

Management fees for FAP accounts held at NFS or Pershing are billed in advance with the exception of the initial fee. If the account is billed monthly, the initial fee is billed in arrears and prorated based on the number of days that services were provided during the first billing period. For accounts held at NFS This initial fee is billed at the same time the first full period fee is billed in advance. If fees are billed quarterly, the account is charged its first fee in the first full month that the account contains assets. If the first month that the account contains assets is the first or second month of the calendar quarter, the fee is prorated for the partial quarter. If the first month that the account contains assets is the third month of the calendar quarter, the initial fee is billed in arrears and prorated based on the number of days services were provided during the partial billing period. For accounts held at NFS this initial fee is billed at the same time the first full period fee is billed in advance.

Management fees for FAP accounts held at Pershing and NFS are calculated at the beginning of each calendar billing period (monthly or quarterly) based on the average daily balance value of account assets under management as of the close of business on the last business day of the preceding period. The assets are valued by an independent pricing service, where available, or by NFS or Pershing in good faith, based on NFS's and/or Pershing's books and records. The market value of variable annuity accounts

included in the management portfolio is included in the calculation of FAP management fees. SAA or WWP might not receive daily account valuation information for variable annuities from the insurance companies or their custodians. In limited circumstances, management fees on certain variable annuity accounts can be based on the weekly or monthly average balance. You can pay more or less in management fees when the pricing is based on a weekly or monthly average balance compared to management fees charged when the pricing is based on the average daily balance. For accounts held at NFS the average daily balance does not take into account unpriced securities or any days when accounts have a zero balance. When required, NFS sends you a brokerage account statement at the beginning of each billing period that includes a management fee notification. The management fee notification shows the average daily balance, how the fee was calculated, any adjustment to the fee and an explanation of any adjustment, and the net fee to be deducted later in the period from your core account investment vehicle within the account. You can also be assessed ticket charges on account transactions and other miscellaneous charges by SAI, NFS and/or Pershing on account transactions. Miscellaneous charges can include custodial fees levied by the custodian. Account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds, exchange traded funds or other investments.

The fee can be a flat fee, a linear fee whereby the fee is a fixed percentage on the total assets in your account or a tiered fee schedule whereby the percentage-based fee is lowered as assets in your accounts increase. The exact fee charged or fee schedule used is disclosed to you in the fee schedule prior to services being provided.

#### **Securities America Advisors, Inc. Managed Opportunities Program (MOP) Fees**

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You pay an annual management fee based on a percentage of assets under management for all Managed Opportunities accounts. Your representative negotiates fees with you based on the complexity of your financial situation, the services provided, his or her experience, the standard fees charged by your representative and the nature and total dollar asset value of the assets maintained in your account. The maximum annualized management fee that can be charged to you is 2.5%. The exact fee or fee schedule will be disclosed to you prior to services being provided. The representative is paid a portion of the management fee for solicitations/referrals to fund strategist portfolios, separate account portfolios and unified managed Account Portfolios.

You can make cash additions to your account at any time and can withdraw account assets upon notice to our firm, SAI, SAA and, if applicable, your representative. Assets in excess of a threshold amount (as such amount is determined from time to time by our firm, SAA or SAI), deposited into or withdrawn from the account by you can be charged or refunded a prorated portion of the management fee based on the number of days during the billing period that assets were held in the account.

In the Unified Managed Account Portfolios program, accounts are subject to an annual minimum account fee. The annual minimum account fee depends on the specific Unified Managed Account Program selected by you and is disclosed on the Managed Opportunities client fee schedule. Imposing an annual minimum

account fee on smaller accounts can result in an annual management fee greater than the stated maximum percentage.

We retain a portion of the representative's annualized management fee for management, administrative and support services we provide. Sub-advisors are compensated by us from our portion of the fees. We pay the balance of the annualized management fee to the representative; we charge the representative a minimum administrative fee. The fees paid to our firm are disclosed in the Managed Opportunities Program Investment Strategy Summary provided to you as part of the client agreement. Representatives can receive a reduced administrative and support services fee based on total assets under management placed in the Managed Opportunities program, therefore creating a potential conflict of interest.

You can also be assessed ticket charges on account transactions and other miscellaneous charges by SAI, NFS or Pershing on account transactions. Account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds or exchange traded funds.

Management fees for Managed Opportunities accounts held at Pershing are calculated monthly at the beginning of each month based on the value of account assets under management as of the close of business on the last business day of the preceding month. The assets are valued by an independent pricing service, where available, or by Pershing in good faith, based on Pershing's books and records. Management fees are billed in advance with the exception of the initial fee. The initial fee is billed in arrears, prorated based on the number of days that services were provided during the first month. This initial fee is billed at the same time the first full month's fee is billed in advance. Fee calculations are based solely on the PEB and do not take into consideration any day(s) in the month where the account has a zero balance. In addition, any unpriced securities held in the account are not included in the account's billable value.

Management fees for Managed Opportunities accounts held at NFS are calculated monthly at the beginning of each month based on either the average daily balance (ADB) or the period ending balance (PEB) of client's account assets under management for the previous month. Management fees are billed in advance with the exception of the initial fee. The initial fee is billed in arrears, prorated based on the number of days that services were provided during the first billing month. This initial fee is billed at the same time the first full month's fee is billed in advance. For all Managed Opportunities portfolios except the Unified Managed Accounts program, management fees are calculated at the beginning of each month based on the ADB of your account assets under management for the previous period. The ADB does not take into account unpriced securities held in the account.

For the Unified Managed Accounts program, management fees are calculated at the beginning of the month based on the PEB balance of your account assets under management for the previous month. Any unpriced securities held in the account are not included in the account's billable value.

You provide us with written authorization to have management fees automatically deducted from your accounts. On an exception basis, you can have your management fees paid from other accounts or have us bill you directly by invoice. In such cases, the management fee is noted as zero on your account statements. At no time will our firm, SAA or SAI act as custodian of your accounts or have direct access to your funds and/or securities. When required, for accounts held at NFS, SAA or NFS sends you a management fee notification at the beginning of each billing period. The management fee notification can be included on your brokerage account statements. The management fee notification shows the average daily balance computed fee, any adjustment to the fee and the net fee to be deducted later in the billing period from your core account investment vehicle. Advisors and/or sub-advisors will maintain cash in the core account investment vehicle in order to pay for management fees and other charges and fees. For accounts held at Pershing, you can also be assessed ticket charges on account transactions and other miscellaneous charges by SAI or Pershing on account transactions. Miscellaneous charges can include custodial fees levied by the custodian. Account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds, exchange traded funds or other investments. Fees and charges are noted on your statements.

Variable annuity policies can be linked to Managed Opportunities Advisor Directed accounts. The variable annuity policy prospectus contains information about limitations and restrictions on making cash additions and withdrawals from any linked policy, and you should review that information. With respect to the Managed Opportunities Advisor Directed Program Portfolios, the market value of variable annuity accounts included in the management portfolio can be included in the calculation of the management fees. We might not receive daily account valuation information for variable annuities from the insurance companies or their custodians. In limited circumstances, when ADB is used, management fees on certain variable annuity accounts can be based on the weekly or monthly average balance. You can pay more or less in management fees when the pricing is based on a weekly or monthly average balance compared to management fees charged when the pricing is based on the average daily balance.

If an account is terminated and securities are liquidated, you can incur separate charges for each transaction. In addition, you can incur contingent deferred sales charges (CDSC) imposed by mutual fund companies on mutual fund position liquidations if you direct us to liquidate the account or switch managers. All other brokerage commissions are waived in Managed Opportunities Program accounts. You are subject to a \$200 transfer charge if, within 12 months of the establishing a Managed Opportunities Program portfolio, you direct us to transfer the assets of that portfolio to another Managed Opportunities Program portfolio.

The fee is a tiered fee schedule whereby the percentage-based fee is lowered as assets in your accounts increase. The exact fee charged or fee schedule used is disclosed to you in the fee schedule prior to services being provided.



### **Investment Management Fee for Institutional Investors**

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We also provide investment management services to institutional investors, primarily foundations, non-profit organizations, pension and qualified plans, for an annual fee based upon a percentage of the market value of the assets being managed by us. Our annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. We do not receive any portion of these commissions, fees, and costs. This annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being advised upon by us on the last day of the previous quarter. The annual fee is negotiable and varies (between 0.10% and 1.50%) depending upon the market value of the assets under management and the type of investment management services to be rendered. The client will receive full disclosure and details of all arrangements in the agreement.

For the sub-advisory services rendered to our clients, our firm compensates third-party investment advisory firms or individual advisors a percentage of the overall investment advisory fee charged by our firm. The advisory fee paid shall not exceed the fee published for this service. The terms and conditions under which the client shall engage the third-party investment advisory firm or individual advisors shall be set forth in a separate agreement between the client and the designated third-party.

### **Transaction Charges and IRA Custodial Fees**

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Non-wrap clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. It is important to note, however, that Charles Schwab & Co., Inc. and TD Ameritrade Inc. no longer charge commissions on domestic equity and exchange traded fund transactions. Clients may also pay charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses). Our firm does not receive a portion of these fees. Our firm offers a wrap fee program as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Our firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. All accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. Wrap fee clients will not incur transaction costs for trades. More information about this can be found in our separate Wrap Fee Program Brochure.

### **Fees for Management during Partial Quarters of Service**

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For the initial period of investment management services, the fees are calculated on a pro rata basis.

The Agreement will continue in effect until terminated by either party pursuant to the terms of the Agreement. Our fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will be adjusted or prorated based on the number of days remaining in the quarter.

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

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Clients can engage certain persons associated with the firm (but not the firm itself) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with this firm. Under this arrangement, clients may implement securities transactions through certain of our advisory representatives in their respective individual capacities as registered representatives of Securities America, an SEC registered broker-dealer and member of FINRA. Securities America may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by Securities America to such advisory representatives. Prior to effecting any transactions clients are required to enter into a new account agreement with Securities America. The brokerage commissions charged by Securities America may be higher or lower than those charged by other broker-dealers. We do not charge an advisory fee on the same assets for which its advisory representatives receive commissions.

First and foremost, our objective as a firm is to place nothing before the best interests of our clients. However, a conflict of interest exists to the extent that advisory representatives can recommend the purchase of securities where they receive commissions or other additional compensation as a result. The potential receipt of commissions provides an incentive for advisory representatives to recommend investment products based on compensation they will receive from selling such products, rather than on the client's needs. We do not allow advisors to earn a commission on products that are included within our advisory accounts.

We take the following steps to mitigate the possibility that the advisory representatives will recommend an investment product based on potential commission rather than on the client's needs: we address the inherent conflicts as noted in the paragraph above, by disclosing them to you in this Brochure and disclosure is made to the client at the time a brokerage account is opened through Securities America, identifying the nature of the transaction or relationship, the role to be played by Securities America and the advisory representative, individually, and any compensation (e.g. commissions) to be paid by the client.

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

We do not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

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

The types of clients we provide our services to include; individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates and charitable organizations.

The recommended minimum account size in the Financial Advisors Program is \$25,000.

Recommended minimums to establish and maintain an account in the Managed Opportunities Program are:

- \$50,000 for Managed Opportunities Fund Strategist Portfolios
- \$100,000 for Managed Opportunities Separate Account Portfolios
- \$150,000 for Managed Opportunities Unified Managed Account Portfolios
- \$50,000 for Managed Opportunities Advisory Directed Account Portfolios

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

As stated previously, our decentralized business model includes advisory representatives located throughout the United States. These advisory representatives each determine their own investment strategies to follow when managing client accounts. The following provides information regarding the methods of analysis and investment strategies that may be used by our advisory representatives.

### **Methods of Analysis**

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Fundamental analysis involves the fundamental financial condition and competitive position of a company. We will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that we will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that we are recommending. The risks with cyclical analysis are similar to those of technical analysis.

### **Investment Strategies**

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Our philosophy represents an evolution of investment thought that moves beyond simple "Buy and Hold" and basic Asset Allocation to that of Strategy Diversification. It focuses more directly on how investments interact and relate to each other, looking closely at how investments are managed, how they seek to gain their returns, how they address risk exposures, and perhaps most importantly, what their correlations are to one another.

We believe that Strategy Diversification can more effectively address portfolio volatility than basic Asset Allocation across stock and bond asset classes by utilizing strategies with defensive mechanisms, and low or uncorrelated strategies that have return characteristics unrelated to the stock and bond markets. Strategy Diversification is designed to recognize that investments have different characteristics to achieve return and address risk. By diversifying and actively allocating across these various strategies, we strive to build portfolios to address each client's long-term financial plan with more consistent returns and lower portfolio volatility.

With respect to our Retirement Plan Consulting Services, we strive to recommend diversified investment alternatives that plan sponsors may consider for investment or to make available to participants.

### **Asset Classes We Use**

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**Bond Funds:** A fund that invests in bonds, or other debt securities. Bond funds can be contrasted with stock funds and money funds. Bond funds typically pay periodic dividends that include interest payments on the fund's underlying securities plus periodic realized capital appreciation. Bond funds typically pay higher dividends than a certificate of deposit ("CD") and money market accounts. Most bond funds pay out dividends more frequently than individual bonds.

Bond Funds can be classified by their primary underlying assets: (a) Government: Government bonds are considered safest, since a government can always "print more money" to pay its debt. In the United States, these are United States Treasury securities or Treasuries. Due to the safety, the yields are typically low.; (b) Agency: In the United States, these are bonds issued by government agencies such as the Government National Mortgage Association (Ginnie Mae), Federal Home Loan Mortgage Corp. (Freddie Mac), and Federal National Mortgage Association (Fannie Mae).; (c) Municipal: Bonds issued by state and local governments and agencies are subject to certain tax preferences and are typically exempt from federal taxes. In some cases, these bonds are even exempt from state or local taxes.; and (d) Corporate: Bonds are issued by corporations. All corporate bonds are guaranteed by the borrowing (issuing) company, and the risk depends on the company's ability to pay the loan at maturity. Some bond funds specialize in high-yield securities (junk bonds), which are corporate bonds carrying a higher risk, due to the potential inability of the issuer to repay the bond. Bond funds specializing in junk bonds – also known as "below investment-grade bonds" – pay higher dividends than other bond funds, with the dividend return correlating approximately with the risk. Bond funds may also be classified by factors such as type of yield (high income) or term (short, medium, long) or some other specialty such as zero-coupon bonds, international bonds, multisector bonds or convertible bonds.

Fund managers provide dedicated management and save the individual investor from researching issuer creditworthiness, maturity, price, face value, coupon rate, yield, and countless other factors that affect bond investing. Bond funds invest in many individual bonds, so that even a relatively small investment is

diversified—and when an underperforming bond is just one of many bonds in a fund, its negative impact on an investor's overall portfolio is lessened. In a fund, income from all bonds can be reinvested automatically and consistently added to the value of the fund. Investors can sell shares in a bond fund at any time without regard to bond maturities.

Bond funds typically charge a fee, often as a percentage of the total investment amount. This fee is not applicable to individually held bonds. Bond fund dividend payments may not be fixed as with the interest payments of an individually held bond, leading to potential fluctuation of the value of dividend payments. The net asset value (“NAV”) of a bond fund may change over time, unlike an individual bond in which the total issue price will be returned upon maturity (provided the bond issuer does not default).

**Debt Securities (Bonds):** Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. Bonds with longer rates of maturity tend to have greater interest rate risks.

Certain additional risk factors relating to debt securities include: (a) When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.; (b) Inflation causes tomorrow's dollar to be worth less than today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as “cash flows.” Inflation also leads to higher interest rates, which in turn leads to lower bond prices.; (c) Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. (d) Debt securities may contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest rate market, the account would have to replace the security with a lower yielding security, resulting in decreased income to investors. Usually, a bond is called at or close to par value. This subjects investors that paid a premium for their bond risk of lost principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.; (e) If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the account may incur losses or expenses in seeking recovery of amounts owed to it.; (f) There may be little trading in the

secondary market for particular debt securities, which may affect adversely the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of debt securities.

Our firm attempts to reduce the risks described above through diversification of the client's portfolio and by credit analysis of each issuer, as well as by monitoring broad economic trends and corporate and legislative developments, but there can be no assurance that our firm will be successful in doing so. Credit ratings for debt securities provided by rating agencies reflect an evaluation of the safety of principal and interest payments, not market value risk. The rating of an issuer is a rating agency's view of past and future potential developments related to the issuer and may not necessarily reflect actual outcomes. There can be a lag between the time of developments relating to an issuer and the time a rating is assigned and updated.

**Exchange Traded Funds (“ETFs”):** An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. The vast majority of ETFs are designed to track an index, so their performance is close to that of an index mutual fund, but they are not exact duplicates. A tracking error, or the difference between the returns of a fund and the returns of the index, can arise due to differences in composition, management fees, expenses, and handling of dividends. ETFs benefit from continuous pricing; they can be bought and sold on a stock exchange throughout the trading day. Because ETFs trade like stocks, you can place orders just like with individual stocks - such as limit orders, good-until-canceled orders, stop loss orders etc. They can also be sold short. Traditional mutual funds are bought and redeemed based on their net asset values (“NAV”) at the end of the day. ETFs are bought and sold at the market prices on the exchanges, which resemble the underlying NAV but are independent of it. However, arbitrageurs will ensure that ETF prices are kept very close to the NAV of the underlying securities. Although an investor can buy as few as one share of an ETF, most buy in board lots. Anything bought in less than a board lot will increase the cost to the investor. Anyone can buy any ETF no matter where in the world it trades. This provides a benefit over mutual funds, which generally can only be bought in the country in which they are registered.

One of the main features of ETFs are their low annual fees, especially when compared to traditional mutual funds. The passive nature of index investing, reduced marketing, and distribution and accounting expenses all contribute to the lower fees. However, individual investors must pay a brokerage commission to purchase and sell ETF shares; for those investors who trade frequently, this can significantly increase the cost of investing in ETFs. That said, with the advent of low-cost brokerage fees, small or frequent purchases of ETFs are becoming more cost efficient.

**Individual Stocks:** A common stock is a security that represents ownership in a corporation. Holders of common stock exercise control by electing a board of directors and voting on corporate policy. Investing in individual common stocks provides us with more control of what you are invested in and when that investment is made. Having the ability to decide when to buy or sell helps us time the taking of gains or

losses. Common stocks, however, bear a greater amount of risk when compared to certificate of deposits, preferred stock and bonds. It is typically more difficult to achieve diversification when investing in individual common stocks. Additionally, common stockholders are on the bottom of the priority ladder for ownership structure; if a company goes bankrupt, the common stockholders do not receive their money until the creditors and preferred shareholders have received their respective share of the leftover assets.

## **Risk of Loss**

### *Mutual Funds and Exchange Traded Funds (ETFs)*

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

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Market Risks*

The profitability of a significant portion of our recommendations or selections may depend to a great extent upon correctly assessing the future course of price movements of various securities in which it invests. There can be no assurance that we will be able to predict those price movements accurately.

### *Management through Similarly Managed Accounts*

For most clients, we generally manage portfolios by allocating portfolio assets among various mutual funds/securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “investment strategy”). In so doing, we buy, sell, exchange and/or transfer shares of mutual funds, ETFs and other securities based upon the investment strategy.

Our management using the investment strategy complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the investment strategy, with a safe harbor from the definition of an investment company.

The investment strategy may involve an above-average portfolio turnover that could negatively impact the net after-tax gain experienced by an individual client. Securities in the investment strategy are usually exchanged and/or transferred without regard to a client’s individual tax ramifications. Certain investment opportunities that become available to clients may be limited. As further discussed in response to Item 12B (below), we allocate investment opportunities among clients on a fair and equitable basis.

#### *Options*

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

#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### **Item 9. Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client’s evaluation of our advisory business or the integrity of our management. We do not have any required disclosures to add to this Item.

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

We are required to disclose any relationship or arrangement that is material to our advisory business or to our clients with certain related persons.

#### **Receipt of Securities Commission**

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We participate in Securities America’s hybrid RIA program and our investment advisory representatives are also registered representatives of Securities America’s Broker Dealer. In such capacity, these advisory



representatives may receive commissions for recommending the purchase or sale of securities. As a result of this relationship, Securities America may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about our clients, even if the client does not establish any account through Securities America. Any client who would like a copy of the Securities America privacy policy may contact the firm.

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**Registered Representatives of a Broker Dealer**

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As mentioned above, representatives of our firm are registered representatives of Securities America, Inc. member FINRA/SIPC, and licensed insurance agents. Through certain transactions they may receive normal and customary commissions. A conflict of interest exists as these commissionable securities sales create an incentive to recommend products based on the compensation earned. To mitigate this potential conflict, our firm will act in the client's best interest.

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**Receipt of Insurance Commission**

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Certain of the firm's advisory representatives, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. Although we do not sell such insurance products to our investment advisory clients, we do permit the advisory representatives, in their individual capacities as licensed insurance agents, to sell insurance products to our investment advisory clients. A conflict of interest exists to the extent that we recommend the purchase of insurance products where its advisory representatives receive insurance commissions or other additional compensation.

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**Receipt of LPL Shares**

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Our prior Broker Dealer was LPL Financial. LPL's parent company, LPL Investment Holdings, Inc., is a publicly traded company with shares listed on The NASDAQ Global Select Market under the trading symbol "LPLA". Certain advisory representatives of WPP are shareholders and/or option holders of LPLA.

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**Other Financial Industry Activities**

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Representatives of our firm are Certified Public Accountants. In such capacity, they also provide income tax preparation or accounting services. These services are independent of our financial planning and investment advisory services and are governed under a separate engagement agreement.

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

We recognize that the personal investment transactions of the associated persons of the firm necessitates the implementation and strict adherence to a robust set of values, or Code of Ethics. The firm has adopted such a Code that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by the firm or any of its associated

persons. The Code of Ethics also requires that certain of firm personnel (called “Access Persons”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in the firm’s Code of Ethics, none of our Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold on behalf of any of WPP’s clients.

When the firm is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when the firm is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact us to request a copy of our Code of Ethics.

LPL’s parent company, LPL Investment Holdings, Inc., is a publicly traded company. We do not recommend or solicit orders of LPL Investment Holdings Inc. stock in our accounts.

## **Item 12. Brokerage Practices**

At the current time we generally require clients to select and direct either Charles Schwab & Co. “Schwab”, Fidelity, TD Ameritrade (TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC “TD Ameritrade” an unaffiliated SEC-registered broker-dealer and FINRA member). From time to time our firm may also require clients to select and direct either National Financial Services, LLC (NFS) or Pershing, LLC (Pershing) as the broker/dealers and/or custodians to execute transactions for investment management accounts. All investment management transactions will be processed without commissions. While we believe that these custodians have execution procedures that are designed to obtain the best execution possible, there can be no assurance that best execution will be obtained. Clients should understand that not all advisors require their clients to direct advisory business to a specific firm. By directing all of client’s advisory business to Schwab, TD Ameritrade, Fidelity, NFS or Pershing those clients may be unable to achieve the most favorable execution for certain transactions. Therefore, it is possible that directed advisory business may cost clients more money.

Factors which we consider in recommending a broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by Securities America, Schwab, TD Ameritrade, or Fidelity may be higher or lower than those charged by other financial institutions.

We receive support services and/or products from Securities America, Schwab, and TD Ameritrade, Fidelity, NFS or Pershing, many of which assist us to better monitor and service accounts. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related programs and publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- transition assistance for new advisory representatives
- electronic communication network
- duplicate client confirmations and statements
- computer hardware and/or software
- other products and services used by WPP in the furtherance of its investment advisory business

These support services noted above are provided to the firm based on the overall relationship between our firm and Securities America, Schwab, TD Ameritrade, Fidelity, NFS or Pershing. It is not the result of soft dollar arrangements or any other express arrangements that involves the execution of client transactions as a condition to the receipt of services. We will continue to receive the above services regardless of the volume of client transaction executed with Securities America, Schwab, TD Ameritrade, Fidelity, NFS or Pershing. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by our firm to Securities America, Schwab, TD Ameritrade, Fidelity, NFs or Pershing, or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the above.

Please note, however, that Securities America has provided the firm with a loan to assist us with our business operation and expansion plans. This loan may be forgiven by Securities America based on the scope of business we engage in with Securities America, including the amount of our client assets retained at Securities America. In particular, Securities America may require that the firm maintain a specified level of client assets with Securities America and that we use reasonable efforts to use Securities America as the Broker Dealer of new client assets. We also receive the following types of compensation from Securities America:

- Reimbursements for marketing related expenses. The marketing related activities may include, but are not necessarily limited to, brochures, website design services, business cards, letterhead, and other marketing collateral.
- Reimbursements for technology costs. The technology costs may include, but are not necessarily limited to, purchases of hardware, purchases of software, implementation and training for new systems.
- Payments for transitioning new advisory representatives to the firm. The monetary assistance may be in the form of upfront cash, or forgivable or non-forgivable loan(s).

These arrangements present conflicts of interest in that the firm has a financial incentive to recommend that you maintain your account with Securities America in order to have the loan forgiven or to continue to receive certain cost reimbursements. However, to the extent we recommend you use Securities America for services, it is because we believe that it is the client's best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by Securities America.

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

We periodically and systematically review our policies and procedures regarding the recommendation of Fidelity, Schwab, and TD Ameritrade in light of our duty to obtain best execution.

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among our clients, differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among our clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that we determine to aggregate client orders for the purchase or sale of securities, including securities in which our advisory representatives may invest, we will do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. We do not receive any additional compensation or remuneration as a result of the aggregation. In the event that the firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the

order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, we may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Within Retirement Plan Consulting Services, we may assist with investment recommendations to the retirement plan sponsor. This could include research and recommendations for consideration and selection by the plan sponsor, of specific investments to be held in the plan or, in the case of a participant-directed defined contribution plan, to be made available as an investment option under the plan. The plan sponsor is responsible for the selection of any vendor, broker/dealer or custodian for plan assets, and is responsible for placing any transactions deemed appropriate.

### **Products and Services Available to Us From our Custodians**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Here is a more detailed description of Schwab's support services:

Services that Benefit You. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that May Indirectly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Our Firm. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
  - technology, compliance, legal, and business consulting;
  - publications and conferences on practice management and business succession; and
  - access to employee benefits providers, human capital consultants and insurance providers.
- Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third-party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving these services, we may have an incentive to continue to use or expand the use of Schwab services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Schwab and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Schwab charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for debt securities transactions). Schwab enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Schwab commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Schwab may be higher or lower than those charged by other custodians and broker-dealers.

Our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered custodian. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. There is no

direct link between our firm's participation in the program and the investment advice we give to our Clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody.

We also receive from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Salesforce, Orion, Morningstar, & Bloomberg. TD Ameritrade provides the Additional Services to our firm in its sole discretion and at its own expense, and we do not pay any fees to TD Ameritrade for the Additional Services. Our firm and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Our receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to our firm, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with our firm, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, we may have an incentive to recommend to our Clients that the assets under management by our firm be held in custody with TD Ameritrade and to place transactions for Client accounts with TD

Ameritrade. Our receipt of Additional Services does not diminish our duty to act in the best interests of our Clients, including to seek best execution of trades for Client accounts.

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

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As discussed above, our advisory representatives in their respective individual capacities are registered representatives of Securities America. These advisory representatives are subject to FINRA Rules which restricts registered representatives from conducting securities transactions away from their broker-dealer unless Securities America provides written consent. Therefore, clients are advised that certain advisory representatives may be restricted to conducting securities transactions through Securities America unless they first secure written consent from Securities America to execute securities transactions through a different broker-dealer. Absent such written consent or separation from Securities America, these advisory representatives are prohibited from executing securities transactions through any broker-dealer other than Securities America under their internal supervisory policies. WPP receives approval from Securities America for each account held in custody at Fidelity, TD Ameritrade and Schwab.

The firm is also cognizant of its duty to obtain best execution from all execution sources and has implemented policies and procedures reasonably designed in such pursuit.

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

For those clients to whom we provide investment management services or variable annuity management services, the firm monitors those portfolios as part of an ongoing process while regular account reviews are conducted periodically as needed but at least annually. For those clients to whom we provide financial planning and/or consulting services, reviews are conducted according to the schedules set forth by the Essential, Intermediate and Premier levels of service. Such reviews are conducted by one of our investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with us and to keep us informed of any changes thereto. We contact ongoing investment advisory clients at least annually to review our previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the custodian for the client accounts.

Clients receiving investment management services will also receive a quarterly performance report issued either by the firm or the selected custodian on behalf of the firm.

Those clients to whom we provide financial planning services may receive the results of such analysis or review verbally, in a written financial plan or analysis, or delivered via online access to a financial planning or analysis tool.



For Retirement Plan Consulting Services, plan sponsors receive a quarterly report from the firm regarding information on plan holdings. The report may contain some or all of the following elements, among others, as agreed upon between the plan sponsor and the firm; investment performance, changes in fund management or practices, benchmarking to a peer group and market indices, and potential concerns for plan holdings.

FAP accounts are reviewed by your representative as needed, as required and as appropriate. The nature and timing of the reviews can vary but are conducted at least annually.

You will receive monthly statements from the account custodian or clearing firm if your account has activity during the month. If the account does not have any monthly activity, an account statement is provided by the account custodian or clearing firm at least quarterly. Such statements will show any activity in the account, as well as period ending position balances. You will also receive a confirmation from the custodian or clearing firm of each purchase and sale transaction that occurs within the FAP account.

Managed Opportunities Program accounts are reviewed by your representative as needed, required and appropriate. The nature and timing of the reviews can vary but are conducted at least annually.

Clients participating in the Managed Opportunities Program are able to view daily and quarterly performance reports on a web site maintained on behalf of SAA by a third-party which describes the performance, holdings and other activity in your account. During any month in which there is activity in Managed Opportunities accounts, you receive a statement from the account custodian or clearing firm showing the activity in the account as well as positions held in the account at month end. You also receive a confirmation of each purchase and sale transaction that occurs within your Managed Opportunities account. If there is no activity in the account, you receive statements at least quarterly from the account custodian or clearing firm.

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

We are required to disclose any relationship or arrangement where we receive an economic benefit from a third-party (non-client) for providing advisory services. In addition, we are required to disclose any direct or indirect compensation that we provide for client referrals.

### **Referral Fees**

WPP compensates other persons or firms for client referrals. WPP enters into an agreement with such referral agents and pays them a portion of the advisory fee. The referral agent discloses to the client at the time of the solicitation the arrangement and the compensation to be received by the referral agent. The

compensation for these services is paid completely by the firm from the investment advisory fees earned, which are not increased or passed along to a client in any way, therefore there is no increase in the advisory fees you will pay to the Investment Adviser.

### **Other Compensation**

As a result of our relationship with Securities America, we may receive production bonuses, stock or stock options to purchase shares of their parent company, and other things of value such as free or reduced-cost attendance at their national sales conference or top producer forums and events. Such compensation may be based on overall business produced and/or the amount of assets serviced through Securities America. Thus, there is a financial incentive for us to recommend that you select Securities America as the custodian for your investment management account so that we will be compensated. We take our responsibilities to clients very seriously and we will only recommend that clients hire us for management services if we believe it is appropriate and in the client's best interests.

In addition, we may receive an economic benefit from Securities America in the form of a loan, which is forgiven if we meet certain conditions in terms of maintaining a relationship with Securities America. We may also receive payments from Securities America to reimburse for marketing related expenses, technology costs, and to pay for transitioning new advisory representatives to the firm. Please see detailed discussion of the conditions and potential conflicts of interest in Item 12 Brokerage Practices.

Advisor may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Advisor may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Advisor and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Advisor and has no responsibility for Advisor's management of client portfolios or Advisor's other advice or services. Advisor pays TD Ameritrade an on-going fee for each successful client referral. For referrals that occurred through AdvisorDirect before April 10, 2017, this fee is a percentage (not to exceed 25%) of the advisory fee that the client pays to Advisor ("Solicitation Fee"). For referrals that occurred through AdvisorDirect on or after June 9, 2017 the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 25% of 1%, unless such client assets are subject to a Special Services Addendum. In the case of a Special Services Addendum, the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 10% of 1%. Advisor will also pay TD Ameritrade the Solicitation Fee on any assets received by Advisor from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Advisor on the recommendation of such referred client. Advisor will not charge

clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Advisor's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Advisor may have an incentive to recommend to clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Advisor has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Advisor's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

As disclosed under Item 12 above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the

receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

We receive an economic benefit from Schwab and TD Ameritrade in the form of the support products and services they make available to us which may or may not be available to other independent investment advisors that have their clients maintain accounts at Schwab and TD Ameritrade. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12-Brokerage Practices). The availability to us of Schwab and TD Ameritrade's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. These economic benefits may create a conflict of interest in determining where to recommend our clients custody their assets, however it does not diminish our duty to act in the best interest of our clients.

#### **Client Experience Panel Participation Disclosure**

Registrant serves on the TD Ameritrade Institutional Client Experience Panel ("Panel"). The Panel consists of approximately thirty independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent advisor and their experience with TD Ameritrade's service, technology and products. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for a three-year term by TDA Institutional sales, service and senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade pays or reimburses Registrant for the travel, lodging and meal expenses Registrant incurs in attending Panel meetings. The benefits received by Registrant or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Registrant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Registrant's recommendation of TD Ameritrade for custody and brokerage services.

Our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. However, we wish to disclose that we have entered a formal, reciprocal referral relationship with Mechanics Bank where we may refer clients that would benefit from their services, as well as disclosing the fact that Mechanics Bank may refer clients to WealthPLAN Partners, LLC. Mechanics Bank shall in no case receive compensation for these referrals.

## **Item 15. Custody**

We do not maintain physical custody of client funds or securities. Custody for investment management accounts is maintained by either Fidelity, Schwab, TD Ameritrade, NFS or Pershing. You will receive account statements directly from your custodian at least quarterly. We encourage you to carefully review these statements upon receipt. In addition, we will provide you with a quarterly performance report. This performance report does not take the place of official statements that you receive from the account's custodian.

We will not have access to client funds or securities with the exception of having advisory fees deducted from client accounts and paid to us by the custodian. Any fee deductions will be done pursuant to client's written authorization provided to the custodian.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third-party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodians:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third-party's name, and either the third-party's address or the third-party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third-party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third-party, the address, or any other information about the third-party contained in the client's instruction.
- The investment adviser maintains records showing that the third-party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **Item 16. Investment Discretion**

We accept the authority to exercise discretion on behalf of clients. We are considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Our clients must sign a discretionary investment advisory agreement for our firm to manage their accounts on a discretionary basis. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). The firm will exercise discretion over the following activities:

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

The firm will not exercise any discretionary authority when providing Retirement Plan Consulting Services.

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

We do not and will not accept the proxy authority to vote client securities. Clients retain the right to vote all proxies. Proxy information for any securities which are held in your accounts will be sent to you by the account's custodian. We will not be providing you with this information. However, if you have any questions about a particular situation, you may contact us for general information.

## **Item 18. Financial Information**

We do not require nor do we solicit the prepayment of more than \$1,200 in fees per client, six months or more in advance when providing advisory services. As a result, we are not required to include a financial statement with this brochure. WPP is not and has never been the subject of a bankruptcy petition.