



Wrap Fee Program Brochure

August 3, 2020

100 Madison Street
Suite 1300
Syracuse, NY 13202
800.288.8601
www.cadaretgrant.com

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Cadaret Grant & Co., Inc. ("Cadaret Grant"). If you have any questions about the contents of this Brochure, please contact us at 800-288-8601. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Cadaret Grant is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Cadaret Grant & Co., Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The following summarizes material changes and disciplinary actions against Cadaret Grant & Co., Inc.' ("Cadaret Grant") since its last annual update of Form ADV, May 14, 2020. For more details, please see the item in this Brochure referred to in the summary below.

Cadaret Grant relocated to 100 Madison Street, Suite 1300, Syracuse, New York 13202. (Item 1)

Due to the recent closure of Capital Strategy Group, Ltd. ("CSG"), an affiliate of Cadaret Grant, the Advisor's Edge wrap fee advisory program is no longer offered. All references to the Advisor's Edge wrap fee advisory program have been removed. (Item 4)

Due to the recent closure of Capital Strategy Group, Ltd., an affiliate of Cadaret Grant, CSG is no longer a portfolio manager available to accounts in the CGAIFFA program, nor is its Advisor's Edge wrap fee advisory program available as a platform option. (Item 6)

On July 1, 2020, without admitting or denying findings, Cadaret Grant consented to the sanctions and to the findings that it failed to take reasonable steps to ensure that the activities of a registered representative, who engaged in three undisclosed fraudulent private securities transactions, complied with applicable securities laws, regulations, and FINRA rules, by not adequately investigating red flags of potential misconduct and failing to detect misconduct when the diligent application of its supervisory procedures would have uncovered it. As a result of the foregoing, Cadaret Grant violated NASD Rule 3010 and FINRA Rules 3110 and 2010. Cadaret Grant has settled all arbitration claims brought by customers who invested in the private securities transactions with the registered representative while he was associated with the Firm. Cadaret Grant was censured and fined \$200,000. (Item 9)

Other Financial Activities and Affiliations has been updated. Cadaret Grant and Co., Inc. is no longer affiliated with Capital Strategy Group, Ltd., which closed its business in July 2020. New affiliate, Western International Securities, Inc., a broker/dealer, SEC-registered Investment Adviser, and insurance agency, was added. (Item 9).

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents.....	3
Item 4 – Services, Fees and Compensation	5
Introductory Information.....	5
Fees	6
Other Fees and Expenses	7
Additional Fees for Collective Investment Vehicles.....	7
Compensation Related to Mutual Funds and Other Investments	7
Fee Information Applicable to Wrap Fee Accounts	8
Item 5 – Account Requirements and Types of Clients	8
Account Requirements	8
Types of Clients.....	8
Item 6 – Portfolio Manager Selection and Evaluation.....	9
Performance Calculation	9
Performance-Based Fees and Side-by-Side Management	9
Methods of Analysis, Investment Strategies and Risk of Loss	10
Methods of Analysis and Investment Strategies	10
Tax Implications	10
Risk of Loss.....	10
Voting Client Securities.....	12
Item 7 – Client Information Provided to Portfolio Managers.....	12
Item 8 – Client Contact With Portfolio Managers.....	12
Item 9 – Additional Information.....	12
Disciplinary Information	12
Other Financial Industry Activities and Affiliations.....	17
Conflicts of Interest as a Broker/Dealer and Insurance Agency	18
IRA Rollover Considerations.....	18
Conflicts of Interest with Independent Registered Investment Advisers	19
Conflicts of Interest with Affiliated Insurance Agency	19
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	19

Brokerage Practices	20
Custody	21
Review of Accounts	21
Client Referrals and Other Compensation	21
Cadaret Grant Compensation to IAR	21
Revenue Sharing	22
Solicitation Activities	25
Financial Information	25

Item 4 – Services, Fees and Compensation

Introductory Information

Cadaret Grant & Co., Inc. (“Cadaret Grant,” “us” or “we”), formed in 1985, is a Delaware corporation. It is an indirect wholly owned subsidiary of Atria Wealth Solutions, Inc., (“Atria”) a Delaware corporation that is privately owned.

Cadaret Grant is registered as a full-service general securities broker/dealer, is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and is registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”). Cadaret Grant offers products and services to its clients through its affiliate Cadaret, Grant Agency, an insurance agency.

As of December 31, 2019, Cadaret Grant had regulatory assets under management of \$4,595,749,694. Of that amount, \$815,565,050 was managed on a non-discretionary basis and \$3,780,184,644 was managed on a discretionary basis.

Cadaret Grant offers clients a variety of advisory programs. This Wrap Fee Brochure describes the All Inclusive or Flat Fee Arrangement (“CGAIFFA”). Cadaret Grant is not a custodian of any accounts. The accounts for CGAIFFA are in the custody of Pershing LLC (“Pershing”) or Charles Schwab (“Schwab”).

CGAIFFA is a discretionary managed wrap fee platform (“Platform”) sponsored by Cadaret Grant. Cadaret Grant has designated Pershing or Schwab to execute and clear transactions, custody assets and deliver statements and confirmations to you, as applicable. Neither Pershing nor Schwab are affiliated with Cadaret Grant.

For all accounts within the CGAIFFA programs the custodian of the client’s account will provide written confirmation of buy and sell activity, as well as a statement (at least quarterly) detailing all account activity and positions owned. At a minimum, all clients with CGAIFFA accounts will receive a monthly and/or quarterly appraisal and an activity report provided by Cadaret Grant, the custodian and/or other portfolio manager. These reports generally do not include written commentary about the client’s account.

Services

Cadaret Grant has organized and administers the CGAIFFA Program. These programs will be offered to interested clients by Investment Advisor Representatives (IARs) of Cadaret Grant. Through consultation with the client, IARs will obtain necessary financial data from the client, assist the client in determining the suitability of the account, and help the client set the appropriate investment objectives and select a portfolio manager whose investment style and philosophy is consistent with the client’s investment objective.

The types of portfolio management services offered through these programs generally include Separately Managed Accounts (SMAs) and mutual fund and exchange traded fund (ETF) models. SMA programs offer professional account management taking into consideration individual risks and objectives. Within these programs, the portfolio manager provides individual account management. The portfolio managers who provide these services may specialize in a specific area of the investment industry or provide private management services related to a variety of investment disciplines. SMA account portfolios usually include stocks and/or bonds, cash and other investment vehicles.

Mutual fund and ETF models are programs within which portfolio managers perform due diligence to select mutual fund and ETFs to be included in the portfolios they create. The portfolio managers also determine the asset allocations within each portfolio and perform periodic rebalancing. In addition, the portfolio

managers periodically change the mutual funds and ETFs included in their portfolios based on their due diligence findings and adjust allocations based on their research and analysis.

Unless otherwise agreed to, the client shall at all times maintain full and complete ownership rights (i.e., the right to add or withdraw securities or cash, pledge securities and vote securities) to all assets held in his/her account. An exception may occur if the client has pledged the account to a third party. It is Cadaret Grant's policy to have the client exercise their right to cast their own proxy votes. Account assets will at no time be "pooled for investment" by Cadaret Grant or any of the portfolio managers.

Fees

The client's account fee under CGAIFFA covers such services as portfolio management (stock, bond and mutual fund analysis, market analysis, asset allocation decisions, etc.), stock, bond, and mutual fund executions, per trade reporting, monthly reporting by custodian, performance reporting, investment objectives, and goal setting analysis, account servicing, writing and updating investment policy statements, and continual investment account management. These services if purchased separately may be more or less expensive compared to if the services were purchased together. The amount of compensation received by the IAR may be more or less than what would be received if the client invested in other programs or investments offered by Cadaret Grant. There are several factors which may determine whether such cost would be more or less, including but not limited to the following: the size of the portfolio; the specific investments made by the client; the amount of trading effected by the portfolio manager(s) and the actual cost of such services if purchased separately.

Under CGAIFFA, the amount of fees charged annually to the client is a function of portfolio size. Accounts with under \$1,000,000 dollars in assets are charged a maximum 2.2% per year. However, the IAR reserves the right to negotiate fees. For accounts with more than \$1,000,000 dollars in assets, the annual account fee is negotiable. Of the account fee, the portion received by the portfolio manager ranges up to 1.5%. The account fee is computed and payable in advance as one quarter of the total annual account fee based on the account balance on the last business day of the previous calendar quarter. The initial quarterly fee will be prorated, and the remainder of the quarters will be billed at the standard fee. Cadaret Grant, through Pershing, LLC, or other similar clearing and custody firms such as Schwab, will automatically debit the Annual Account Fee from the client's Account.

The account fees noted above are separate and distinct from other fees that might apply, including transaction fees, custodial fees, and underlying mutual fund fees and expenses paid to the fund by shareholders of the fund as outlined in each fund's prospectus. In addition to the account fees noted above, the client may also incur certain charges imposed by third parties other than Cadaret Grant or the IAR. These include mutual fund or money market 12b-1 fees and sub-transfer agent fees, mutual fund and money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, other transaction charges and service fees, IRA and qualified retirement plan fees, and other charges that may be required by law. Any portion of 12b-1 fees paid to Cadaret Grant attributable to the client's assets held in the account will be credited to the client's account.

Further information regarding fees and charges assessed by a mutual fund is available in the appropriate mutual fund prospectus.

Certain fee amounts and arrangements are negotiable and Cadaret Grant may, in its sole discretion, waive any fee, whether on an ongoing or a one-time basis. Cadaret Grant may also allow for the aggregation of assets from "related accounts" for purposes of determining the amount of assets under management and, thus, the applicable advisory fee paid by a client.

Cadaret Grant reserves the right to determine whether accounts are “related” for purposes of the forgoing aggregation exception.

IARs of Cadaret Grant recommending CGAIFFA are also registered with Cadaret Grant as registered representatives (“RR”) of its broker-dealer business and may be RR or IAR for a client’s other account(s). As a result, the RR/IAR may receive compensation for acting in their respective capacities. In the capacity as the IAR for a client’s wrap fee account, the IAR will receive a portion of the fee as compensation for the client’s participation in the program, and therefore may have a financial incentive to recommend CGAIFFA over other programs or services, which may create a conflict of interest. Also, a portion of the fee charged by Cadaret Grant will be paid to the selected portfolio manager managing the client’s portfolio.

Other Fees and Expenses

Additional Fees for Collective Investment Vehicles

For accounts that contain collective investment vehicles (“Collective Investment Vehicles”), such as mutual funds and closed-end funds, unit investment trusts, exchange-traded funds or publicly traded real estate investment trusts, each Collective Investment Vehicle bears its own internal fees and expenses, such as fund operating expenses, management fees, redemption fees and other fees and expenses or other regulatory fees, as disclosed in the applicable prospectus, statement of additional information, or product description. None of these fees are shared with Cadaret Grant or your IAR. This compensation is in addition to the Total Fee resulting in increased costs to you.

Some mutual funds assess redemption fees to investors upon the short-term sale of its funds. Depending on the particular mutual fund, this can include sales for rebalancing purposes. Please see the prospectus for the specific mutual fund for detailed information regarding such fees. In addition, you can incur redemption fees, when the portfolio manager to an investment strategy determines that it is in your overall interest, in conjunction with the stated goals of the investment strategy, to divest from certain Collective Investment Vehicles prior to the expiration of the collective investment vehicle’s minimum holding period. Depending on the length of the redemption period, the particular investment strategy and/or market conditions, a portfolio manager may be able to minimize any redemption fees when, in the portfolio manager’s discretion, it is reasonable to allow you to remain invested in a Collective Investment Vehicle until expiration of the minimum holding period.

Compensation Related to Mutual Funds and Other Investments

Your IAR, in his/her separate capacity as a Cadaret Grant registered representative and acting in compliance with Cadaret Grant’s compliance policies and procedures, earns commissions from the sale of mutual funds, variable annuities, ETFs and other securities. After considering your overall needs and objectives along with your preferences, your IAR may recommend that you convert from a commission-based account to a fee-based account. To address the conflicts below, we have implemented the following policies:

- When Class A, B or C shares of mutual funds are transferred into your account, additional mutual fund purchases within the advisory account will be made at net asset value (NAV) or in advisor or institutional share classes, which do not include 12b-1 fees. Such purchases will not result in your payment of a commission in addition to the annual advisory fee.
- Cadaret Grant will attempt to convert Class A, B and C share mutual fund holdings in an advisory account to advisor or institutional class shares where available. In the event a tax-free conversion

is not available or does not occur, 12b-1 fees received in fee-based accounts will be credited to your account.

- Cadaret Grant will agree to hold at your request and for your convenience certain illiquid, thinly traded securities such as alternative investments (“unsupervised assets”) to assist you in avoiding additional custodial fees and account maintenance costs. Although some alternative investment products are offered net of commissions to clients who pay an ongoing asset-based advisory fee, your IAR will execute your alternative investment transaction as a registered representative and will receive and share in commissions, and depending on the selected share class, ongoing distribution fees. Cadaret Grant believes that alternative investments cannot be managed or administered on a fee-basis (due to their illiquidity, long-term holding period and inexact valuation); therefore, these unsupervised assets are permanently excluded from billing.
- Your IAR can agree, at your request, to hold certain assets in your account such as previously acquired concentrated positions in a stock or bond, that you wish to liquidate over a period of time or hold to maturity. Such assets are being monitored but are excluded from billing.

Fee Information Applicable to Wrap Fee Accounts

A wrap fee pricing structure allows you to pay an all-inclusive fee for account management, brokerage, clearance and administrative services. A portion of the wrap fee is paid to your IAR, Cadaret Grant, and the custodian. You should consider that, depending upon the level of the wrap fee charges, the amount of portfolio activity in your accounts, the value of services provided under the investment program, and other factors, the wrap fee could exceed the aggregate cost of services if they were to be provided separately.

The Advisory Fee portion of the Total Fee is shared between your IAR and Cadaret Grant. The fees earned could be more or less than what Cadaret Grant or your IAR might earn from other programs available in the financial services industry or if the services were purchased separately. Therefore, Cadaret Grant and your IAR have a financial incentive to recommend advisory accounts to clients and prospective clients. However, compensation paid to IARs from the Total Fee does not vary depending upon the number of trades made in wrap accounts. We do not earn more if fewer trades are placed. This arrangement gives us no economic incentive to place either more or fewer trades in wrap accounts.

Item 5 – Account Requirements and Types of Clients

Account Requirements

The minimum asset levels required to participate in these wrap accounts normally range from fifty thousand (\$50,000) to one hundred thousand dollars (\$100,000). At the portfolio manager’s discretion and with Cadaret Grant’s approval, accounts below the minimum asset levels may be accepted on a case by case basis.

Types of Clients

Cadaret Grant, through its IARs, offers investment advisory services to individuals, high net worth individuals, pension and profit-sharing plans, charitable organizations and corporations or other businesses. Our clients can have both fee-based advisory accounts and commission-based brokerage accounts. Our representatives can offer clients advisory services, brokerage services, or both, depending on a client’s preferences and needs.

Item 6 – Portfolio Manager Selection and Evaluation

Cadaret Grant does not select or recommend portfolio managers. Cadaret Grant performs ongoing due diligence of the portfolio managers already utilized within the CGAIFFA program and initial due diligence of portfolio managers proposed by IARs. Through its due diligence process, Cadaret Grant considers whether or not IARs may begin or continue to utilize the investment management services of portfolio managers within the CGAIFFA program. Cadaret Grant's Due Diligence Committee reviews portfolio managers based on several factors. Some factors include but are not limited to, assets under management, firm history, performance returns, management turnover, disciplinary information, and regulatory filings. The Committee's review is also based on documentation portfolio managers are required to provide. Required documentation includes a completed due diligence questionnaire, disclosure documents, privacy policy, code of ethics, summary of business continuity plan and marketing materials. Cadaret Grant may recommend replacement of portfolio managers for the program based on its Due Diligence Committee's review findings.

IARs recommend portfolio managers to particular clients based on the manager's investment style and philosophy being consistent with the client's investment objective. The IAR and the client may choose to terminate the account or replace the portfolio manager based on a number of factors including, but not limited to, account reviews and performance of the portfolio manager, changes in client objectives, financial circumstances or operational issues.

Cadaret Grant has adopted a standard of conduct under its Code of Ethics which emphasizes putting the client's interest first and avoiding any conflicts of interest, by only making recommendations that are reasonably believed to be in the best interest of the client. Any violations of these standards are to be reported to Cadaret Grant's senior management, who will evaluate violations and may impose sanctions. Potential conflicts are disclosed to clients through required disclosures such as this document. Cadaret Grant's compliance department and senior management review and evaluate the facts and circumstances of conflicts that do arise on a case by case basis. As circumstance necessitates, Cadaret Grant and/or IARs will contact clients directly to explain and/or address conflicts. Clients always have the option to purchase investment products that IARs recommend through other brokers or agents that are not associated with Cadaret Grant.

Performance Calculation

Cadaret Grant, nor any third party, reviews or verifies the accuracy of performance or its compliance with any presentation standards. A quarterly custodial statement containing a description of all account activity is provided to you. Your IAR reviews overall performance of each account on a periodic basis in order to ensure that transactions are suitable based on your investment objectives, meet your quality expectations and comply with any investment restrictions requested by you.

Performance-Based Fees and Side-by-Side Management

Fees based on a share of capital gains or capital appreciation of assets of an advisory client are commonly referred to as "performance-based fees." Cadaret Grant does not charge performance-based fees. We also do not engage in side-by-side management.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Your IAR will incorporate your needs and investment objectives as well as time horizon and risk tolerance when developing and selecting investment strategies. Your IAR is not bound by any specific methods of analysis or investment strategies for the management of model portfolios, but rather your IAR will consider your unique situation and all information gathered at the account inception, your risk tolerance or financial plan, as well as changes to your financial picture over time.

The primary sources of information used to conduct these types of analysis are reputable financial publications, research prepared by others, ratings services, press releases, annual reports, prospectuses and other filings with the SEC. The implementation of your IAR's strategies varies based upon the individual client. Prior to investing, you should ensure that you understand and agree with the investment strategy used by the IAR.

Each client's account is managed based on the client's financial situation, investment objectives and instructions. The IAR works with the client to obtain sufficient information to provide individualized investment advice and is reasonably available to consult with the client on an ongoing basis. Clients are permitted to impose reasonable restrictions on the management of the account.

However, there is a possibility that by imposing restrictions, you may receive an asset allocation proposal that differs from the allocation your IAR would otherwise consider appropriate. Clients who do not impose any restrictions are likely to receive asset allocation proposals that are similar to proposals presented to other clients with similar investment profiles.

Tax Implications

Tax implications are a critical component of any investment strategy. Therefore, depending on the strategy that you choose to implement, it is possible that any trading activity could result in a taxable event and lower investment returns. Since investments could have tax or legal consequences, you should contact your tax professionals and attorneys to help answer questions about specific situations or needs.

Risk of Loss

Investing in any type of securities involves risk of loss that you should be prepared to bear. Cadaret Grant does not guarantee the performance of an account or any specific level of performance. Market values of the securities in the account will fluctuate with market conditions. When the account is liquidated, it could be worth more or less than the amount invested. The following are some types of risk that could affect the value of your portfolio:

- **Market risk:** The risk that changes in the overall market will have an adverse effect on individual securities, regardless of the issuer's circumstances.
- **Business risk:** Whether because of management or adverse circumstances, some businesses will inevitably fail. This is especially true during economic recessions. For example, a company stock can become worthless in the event of a bankruptcy, which would result in a loss of principal to shareholders.
- **Interest rate risk:** If the Federal Reserve raises interest rates, the market prices of bonds can be affected. When interest rates rise, the market prices of bonds typically fall.

- Regulatory risk: Legislative, regulatory and/or judicial changes that impact businesses can drastically change entire industries.
- Industry/company risk: These risks are associated with a particular industry or a specific company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, which is a lengthy process before they can generate a profit. They carry a higher risk of fluctuations in profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity risk: Certain investments lack liquidity or the ability to access their principal quickly, without incurring substantial penalties, or the inability to sell the investment until sometime in the future.
- Inflation risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Opportunity risk: A client or an IAR can choose a conservative product to invest in, which could cause the client to miss out on market upswings which potentially could have increased the value of securities with higher risk. The opposite is also true; market downturns could cause a client to lose a significant amount of principal invested in higher risk securities, when his or her funds could have been invested in lower risk options.
- Reinvestment risk: There is a possibility you will be unable to make additional purchases of a security already in your portfolio at the same rate at which the original purchase was made.
- Currency or exchange rate risk: Foreign securities face the uncertainty that the value of either the foreign currency or the domestic currency will increase or decrease; either of which will cause the value of the client's portfolio to fluctuate.
- Exchange-Traded Funds: ETFs face market trading risks, including the potential lack of an active market for fund shares, losses from trading in the secondary markets, and disruption in the creation and redemption process of the ETF. Any of these factors can lead to liquidity risk and/or the fund's shares trading at a premium or discount to its "net asset value."
- Leveraged equity ETFs risk: The use of leverage by an ETF increases the risk to the portfolio. The more a portfolio invests in leveraged instruments, the more the leverage will magnify gains or losses on those investments. Due to the complexity and structure of these portfolios, they may not perform over time in direct or inverse correlation to their underlying index.
- Credit risk: The risk that an issuer of a fixed income security may fail to pay interest and/or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline. These risks are greater for securities that are rated below investment grade (junk bonds), which may be considered speculative and are more volatile than investment grade securities.
- Options risk: Holding options for long-term periods could weaken and/or reduce the value of the underlying stock or create the possibility of a worthless position.
- Global risk: International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Also, some overseas markets are not as politically and economically stable as the United States and other nations.

You should understand and be willing to accept these and other types of risks before choosing to invest in securities or receive investment advisory services.

Voting Client Securities

Neither Cadaret Grant nor the IAR will exercise discretion in voting or otherwise acting on all matters for which a security holder vote, consent, election or similar action is solicited by, or with respect to, issuers of securities beneficially held as part of your accounts. You expressly retain this authority.

Item 7 – Client Information Provided to Portfolio Managers

Information regarding your financial situation, investment objectives, risk tolerance, time horizon and other relevant factors as described by you, is gathered prior to opening an account and assists your IAR when recommending the most appropriate asset allocation model(s) and strategies for you. You should notify your IAR promptly when changes to your financial situation, objectives, or other personal information occur, so that your IAR can adjust his or her management of your portfolio, if necessary. You can impose any reasonable restrictions on the management of the account. Each client is contacted at least annually to determine if any changes have occurred that will affect the ongoing suitability of the portfolio selected and to determine if any new restrictions should be imposed on the account.

Item 8 – Client Contact with Portfolio Managers

You are generally free to contact Cadaret Grant and your IAR at any time during normal business hours via telephone, facsimile, mail or email. In-person meetings should be scheduled in advance to ensure that your IAR is available.

Item 9 – Additional Information

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the client's evaluation of Cadaret Grant or the integrity of Cadaret Grant's management.

Cadaret Grant is a broker/dealer in addition to its activities as a registered investment adviser. In connection with its broker/dealer business, Cadaret Grant has been the subject of certain regulatory actions, some of which Cadaret Grant has determined to be immaterial. Others are summarized below:

- In 2010, it was alleged that Cadaret Grant failed to provide eligible clients with appropriate discounts on both Unit Investment Trust (UIT) rollover and breakpoint purchases. The firm failed to identify, and appropriately apply, sales charge discounts in approximately 4.4% of the transactions reviewed in a sample of client purchases in certain top selling UITs. As a result, the firm overcharged certain clients. Upon discovery that the firm had been incorrectly interpreting the applicability of certain sales charge discounts, the firm conducted an analysis of all UIT transactions for a specific period of time. As a result of its review, the firm identified that clients were overcharged when purchasing UITs through the firm and remediated those clients as established by its Acceptance, Waiver and Consent. The firm failed to establish an effective supervisory system and written supervisory procedures reasonably designed to ensure that discounts were correctly applied on eligible UIT purchases. The firm did not have written policies and procedures that addressed UITs or informed registered representatives, trading personnel, or supervisors about the sales charge discounts associated with UITs. The firm relied on its trading desk to ensure that clients purchasing UITs received appropriate sales charge discounts, despite the fact that the firm failed to adequately train and inform trading personnel and their supervisors about

such discounts. The firm had no supervisory review to determine whether trading personnel were providing clients with appropriate sales charge discounts, either through periodic review or exception reports. The firm was unaware that its UIT trading desk had been misinterpreting certain rollover provisions described in UIT prospectuses. The trading desk only provided firm clients with a sales charge discount when proceeds from the termination of an existing UIT investment were invested in a new UIT. The trading desk did not consider or apply a sales charge discount to UIT purchases funded with the proceeds from UIT redemptions, a discount these transactions were entitled to from the sponsors of most UITs sold by the firm. Additionally, the trading desk was unaware that some UITs offered breakpoints beginning at the \$25,000 investment level. The firm did not consider client UIT purchases at \$25,000 to be eligible for a volume discount. The firm did not provide adequate guidelines, instructions, policies, or steps for brokers, trading personnel, or supervisors to follow to determine if a client's UIT purchase qualified for and received a sales charge discount. The firm needed to be diligent in providing guidance to brokers, supervisors and trading personnel on UIT sales charge discounts to ensure that clients did not pay more than the appropriate sales charge. The firm sold UITs that imposed a deferred sales charge. This deferred sales charge was generally charged upon redemption, if a client sold a UIT before the deferred sales charges were imposed. In those UIT confirmations not issued directly by the UIT sponsor, the firm failed to ensure that clients' UIT purchase confirmation included the required legend, as set forth in NASD Rule 283(N), that "on selling your shares, you may pay a sales charge. For the charge and other fees, see the prospectus."

Without admitting or denying the findings, the firm consented to sanctions and findings. The firm was censured, fined \$125,000, and agreed to complete the following undertaking: Provide remediation to clients who purchased UITs and qualified for, but did not receive, the applicable sales charge discount. The firm submitted a proposed plan of how it identified and compensated clients who qualified for, but did not receive, the applicable UIT sales charge discount. At a minimum, the plan included the following provisions: the firm reviewed all client UIT purchases effected during the relevant period, regardless of dollar amount, to determine whether a client qualified for a breakpoint, rollover, or exchange discount; when determining a client's eligibility for a sales charge discount, the firm aggregated same-day purchases by a client, including related accounts, and UIT redemptions and terminations by a client within 30 days of a UIT purchase; and for each client who did not receive an appropriate sales charge discount of a UIT purchase, the firm determined the excess sales charge paid by the clients and calculated monies owed, plus interest calculated from the date of the purchase through the date that the overcharge is returned to the client at a rate set forth in section 6621(A)(2) of the Internal Revenue Code. FINRA reviewed the plan submitted by the firm and accepted it. The firm completed the remediation process within the 180 days from the notice date. Within 210 days of the notice date, the firm submitted to FINRA a schedule of all clients identified during the firm's review as having not received an appropriate sales charge discount. The schedule included details of the qualifying purchases and the appropriate discount and total dollar amounts of restitution provided to each client. In addition, within 210 days of the notice date, the firm submitted to FINRA a report that explained how the firm corrected its UIT systems procedures, and the results of the firm's implementation of its plan to identify and compensate qualifying clients, including the amounts and manner of all restitution paid. For good cause shown, and upon receipt of a timely request from the firm, FINRA can extend any of the procedural dates listed above.

- State of Vermont Department of Banking, Insurance, Securities & Health Care Administration alleges that Cadaret Grant and a former office of supervisory jurisdiction ("OSJ") failed to supervise reasonably a former registered representative and that the registered representative committed a violation of the Vermont Uniform Securities Act.

This action has been disposed of as of June 17, 2011. The matter was disposed of by an administrative consent order between the regulator and Cadaret Grant under which Cadaret, Grant neither admitted nor denied the findings of fact. The regulator's findings included facts stating that a former registered representative of the Cadaret Grant failed to collect suitability information regarding certain variable annuity products and failed to use appropriate letterhead and e-mail address on her correspondence. In addition, the office of supervisory jurisdiction ("OSJ") responsible for this agent was found by the regulator to have failed to adequately supervise the agent. The regulator further found that no persons were harmed by the agent's actions, Cadaret Grant terminated its affiliation with the agent and the OSJ, Cadaret Grant has amended its supervisory procedures, Cadaret Grant had no record of discipline with the regulator in over thirty (30) years of doing business in that state and Cadaret Grant cooperated fully with the regulator.

- FINRA found that Cadaret Grant violated securities exchange act rule 17a-4, FINRA rule 2010, NASD rules 2110, 2310, 2821(b), 2821 (c), 2821(d), 3010, 3110. FINRA found that Cadaret Grant, acting through one of its registered representatives recommended several variable annuity transactions to some elderly clients that were unsuitable due to a recommended enhanced death benefit rider that the representative did not have a reasonable basis to believe that the clients needed or would benefit from. FINRA found that Cadaret Grant failed to adequately respond to red flags concerning the representative's variable annuity sales. FINRA found that Cadaret Grant failed to have adequate systems and procedures to review variable annuity sales. FINRA also found that Cadaret Grant failed to enforce its policies and failed to retain business emails for some of its representatives.

Cadaret Grant was censured and fined \$200,000 and agreed, within 90 days of the acceptance, waiver and consent, to provide written notice to each of the living clients offering to rescind the purchase of each of the variable annuities by offering to rebate to each of the affected living clients the purchase price of his or her original investment, interest and any applicable surrender charge (except to the extent such surrender charges already have been paid by the firm), less the amount of any income received on or withdrawals from the variable annuities. In order to accept the offer of rescission, the client will be required to surrender the annuity pursuant to a surrender form, which will direct the carrier to send the proceeds to the firm. In the event that any living client has already surrendered the variable annuity, Cadaret Grant shall offer that client reimbursement of the surrender charges conditioned on Cadaret Grant being provided satisfactory proof that the annuity was surrendered, and surrender charges were incurred. Cadaret Grant further consents to undertake a comprehensive review of its policies and procedures concerning suitability of variable annuities and, within 90 days of notice of acceptance, the director of compliance must certify in writing to FINRA that (1) the firm has engaged in a comprehensive review of its policies and procedure concerning the suitability of variable annuities; and (2) as of the date of the certification, the firm has in place sufficient written policies and procedures designed to ensure compliance with its suitability obligation pertaining to variable annuities.

- In 2015, FINRA found that Cadaret Grant, as a broker/dealer, failed to establish and maintain a supervisory system reasonable designed to supervise variable annuity surrenders recommended or processed by the firm's registered representatives where the surrenders were not part of an exchange or replacement done through the firm.

FINRA found the firm in violation of NASD rule 3010 and FINRA rules 3110, 2010 and 4511. Without admitting or denying the allegation the firm agreed to a censure and fine of \$75,000 and to make restitution in the amount of \$236,242 plus interest.

In 2015 the firm concluded an examination by the U.S. Department of Labor (DOL). As a result of the examination the DOL required Cadaret Grant, as a registered investment advisor, to amend disclosure language in the firm's investment advisory agreements and

disclosure documents with regard to the firm's receipt of 12b-1 fees for certain mutual funds held in accounts of ERISA retirement plans. The affected accounts were held at Pershing LLC in the firm's TIMS I and TIMS II program. The DOL required Cadaret Grant to refund 12b-1 fees received for ERISA plan retirement account during the period July 2006 through July 2012 totaling \$271,036.32.

- On August 1, 2017, Cadaret Grant consented to the entry of an Order Instituting Administrative and Cease-and-Desist Proceedings ("Order") by the U.S. Securities and Exchange Commission (the "SEC"). The Order focuses on aspects of our fee-based advisory business during the period of 2011 to 2016 as it pertains to mutual fund share class selection and our policy concerning the refund of prepaid advisory fees. In summary, the SEC found that Cadaret Grant invested advisory clients in mutual fund share classes with 12b-1 fees where lower-fee share classes of the same mutual funds were available without 12b-1 fees. Similarly, the SEC found that Cadaret Grant received marketing support payments from two mutual fund complexes when Cadaret Grant invested its advisory clients in mutual fund share classes that charged 12b-1 fees but would not pay such fees when Cadaret Grant invested them in lower-fee share classes that did not charge such fees. The SEC found that the financial incentives for Cadaret Grant to place advisory clients in higher fee share classes presented conflicts of interest that should have been disclosed to clients and that the practice of investing clients in mutual fund share classes with 12b-1 fees rather than lower-fee share classes without 12b-1 fees was inconsistent with Cadaret Grant's duty to seek best execution. The SEC also concluded that Cadaret Grant failed to adopt written compliance policies or procedures governing mutual fund share class selection. Finally, the SEC concluded that Cadaret Grant failed to refund prepaid advisory fees to clients who terminated their relationship with the Firm before Cadaret Grant earned all of the prepaid fees.

Without admitting or denying the SEC's findings, Cadaret Grant agreed to a censure and to cease and desist from committing or causing any violations and any future violations of Sections 206(2), 206(4) and 207 of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder. Cadaret Grant agreed to pay disgorgement of \$2,591,000, prejudgment interest of \$177,000, and a civil penalty of \$280,000, with the total amount of \$3,048,000 to be distributed to the applicable past and present advisory clients affected by the conduct highlighted in the Order. To address the issues presented in the Order, the Firm has implemented new policies and procedures relating to mutual fund share class selection designed to expand the number of lower cost share classes available to advisory clients, provide additional training on share class selection, move its existing advisory clients into lower cost share classes that do not charge 12b-1 fees, prohibit its Investment Advisory Representatives ("IARs") from prospectively investing advisory clients in mutual fund share classes that charge 12b-1 fees, and, to the extent that advisory clients are invested in mutual fund share classes that charge 12b-1 fees on a going forward basis, require the rebate of all 12b-1 fees to such clients. Cadaret Grant has also enhanced its Form ADV disclosures. In addition, the Firm has enhanced its policies and procedures to ensure that all advisory clients are provided with a prorated refund of any unearned, pre-paid quarterly account fees based upon the number of days remaining in the calendar quarter after the account termination date.

- In September 2018, FINRA found that Cadaret Grant as a broker/dealer failed to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with securities laws, regulations, and pertinent rules. From August 2012 through May 2017, Cadaret Grant failed to establish such a reasonably designed supervisory system with respect to numerous areas of its business. FINRA further noted that the Firm's supervisory deficiencies stemmed from its failure to devote sufficient resources to the supervision of the Firm's personnel. FINRA specifically noted a failure to implement a system reasonably designed to:

- Detect unsuitable securities recommendations;
- Supervise variable annuity recommendations & exchanges;
- Supervise consolidated reports;
- Retain emails.

FINRA found the firm in violation of NASD Rule 3010 and FINRA Rules 3110 and 2010. FINRA found that Cadaret Grant, did not employ enough supervising principals. The firm also per FINRA, did not provide supervising principals with sufficient tools or exception reports designed to identify patterns of potentially unsuitable trading. FINRA additionally alleged that trade volume made it impossible for supervising principals to manually review trade blotters to detect potentially unsuitable transactions. As a result, the firm was also cited by FINRA for failing to review the majority of the firm's transactions. FINRA also cited the firm for having an insufficient number of compliance examiners to fulfill the supervisory procedures requiring periodic branch office inspections. As a result, FINRA alleged that the branch inspections were conducted in a manner not reasonably designed to identify violative activity. FINRA noted the firm also allowed representatives until July 2016 to prepare and issue consolidated reports using programs and applications of their own choosing. FINRA noted that this former practice could allow a representative to manually enter a customer's securities positions and values on the report without the appropriate level of supervision. During the period of August 2012 through August 2016, FINRA noted that the firm failed to take steps to retain and review emails of 70 registered representatives who disclosed to the firm that they used personal email addresses during the period for Firm business.

FINRA found the firm in violation of NASD Rule 3010, 3110, 4511 and 2010. FINRA also cited a violation of Section 17(a) of the Exchange Act and Rule 17a-4. The Firm consented to a censure, a fine of \$800,000 and the requirement to retain an independent consultant within 30 days of the AWC to conduct a review of the adequacy of the Firm's policies, systems and procedures, staffing and training related to the violations. Within the 90 days after delivery of the consultant's report and recommendations are received, Cadaret Grant shall in writing, advise the Independent Consultant and FINRA staff of any recommendations that it considers unnecessary, unduly burdensome or impractical. Cadaret Grant can propose an alternative policy, procedure or system designed to achieve the same objective or purpose.

- On September 11, 2018, the Securities and Exchange Commission ("Commission") instituted cease & desist proceedings against Cadaret Grant, two of the firm's supervisory officers ("supervisory respondents") and against a specific registered representative. The Commission proceedings arose out of the failure by Cadaret Grant and the supervisory respondents to reasonably supervise Cadaret Grant's registered representatives with respect to their recommendations that customers buy and hold leveraged and inverse exchange traded funds and exchange traded notes between January 2015 and December 2016. During the time frame noted, certain Cadaret Grant registered representatives recommended that customers buy and hold a security called VelocityShares 3X Long Crude Oil ETN ("UTWI"), which is a complex exchange traded note ("ETN") that offered exposure to an index comprised of crude oil futures contracts and provides triple leverage. During the same time frame, Cadaret Grant's policies stated that registered representatives generally should not recommend non-traditional ETPs like UWTI for long or intermediate investment periods and that representatives should receive training and complete other requirements before recommending non-traditional ETPs to customers.

The Securities Exchange Commission initiated a Civil and Administrative Penalty/fine against Cadaret Grant, the supervisory respondents, and a specific registered representative for willfully violating Section 206(4) and Rule 206(4)-7 under the Advisers Act. The Commission noted that as of January 2015, Cadaret Grant and the supervisory respondents failed to:

- Establish and implement a reasonable supervisory system for determining whether representatives had a reasonable basis for recommending that investors buy and hold non-traditional ETPs;
- Provide adequate training to representatives concerning non-traditional ETPs so that they could form a reasonable basis for recommendations; and,
- Implement Cadaret, Grant's specific policies and procedures pertaining to representatives' recommendations to brokerage customers involving nontraditional ETPs and devote adequate resources to supervising representatives.
- Adopt and implement policies and procedures designed to prevent unsuitable sales of non-traditional ETPs by investment advisory representatives to investment advisory clients in light of their investment objectives and financial condition.

The supervisory respondents accepted the Commission's undertaking which included fines of \$100,000 and \$75,000 respectively, and a 12-month suspension from acting in any supervisory capacity until 9/11/2019. The Cadaret, Grant representative was also censured and fined \$250,000.

- On June 28, 2019, Cadaret Grant addressed a letter to the Pennsylvania Department of Banking and Securities ("Department") disclosing the results of a recent internal review that discovered that one or more of its registered representatives did not carry the required investment advisory registration in the State of Pennsylvania. The letter requested a waiver from the Series 65/66 examination requirements for these representatives.

Consistent with our internal review, the Department concluded that Cadaret Grant was in violation of the Pennsylvania Securities Act of 1972 and imposed a fine of \$90,000. The Firm has since enhanced its processes and procedures to mitigate the risk of future lapses. In addition, the Department granted a waiver from the examination requirements for the representatives in issue.

- On July 1, 2020, without admitting or denying findings, Cadaret Grant consented to the sanctions and to the findings that it failed to take reasonable steps to ensure that the activities of a registered representative, who engaged in three undisclosed fraudulent private securities transactions, complied with applicable securities laws, regulations, and FINRA rules, by not adequately investigating red flags of potential misconduct and failing to detect misconduct when the diligent application of its supervisory procedures would have uncovered it. As a result of the foregoing, Cadaret Grant violated NASD Rule 3010 and FINRA Rules 3110 and 2010. Cadaret Grant has settled all arbitration claims brought by customers who invested in the private securities transactions with the registered representative while he was associated with the Firm. Cadaret Grant was censured and fined \$200,000.

Cadaret Grant, as a broker/dealer, is regulated by each of the 50 states and has been subject to orders related to the violation of certain state laws and regulations in connection with its brokerage activities. For more information about these state events and other disciplinary and legal events involving Cadaret Grant and its IARs, clients should refer to Investment Adviser Public Disclosure at www.adviserinfo.sec.gov or FINRA BrokerCheck® at <https://brokercheck.finra.org>.

Other Financial Industry Activities and Affiliations

Cadaret Grant is registered as a broker/dealer and as an investment adviser with the SEC. Cadaret Grant is a member of FINRA and the Securities Investor Protection Corporation ("SIPC"). Cadaret Grant is affiliated Cadaret Grant Agency, an insurance agency.

As an indirect wholly owned subsidiary of Atria, Cadaret Grant is also affiliated with NEXT Financial Group, a broker/dealer, SEC-registered investment adviser, and insurance agency. Cadaret Grant is also affiliated with NEXT Financial Insurance, an insurance agency. Atria also owns CUSO Financial Services, LP, a

broker/dealer and SEC-registered investment adviser, CFS Insurance and Technology Services, LLC, an insurance agency, and Sorrento Pacific Financial, LLC, a broker/dealer, SEC registered investment adviser and insurance agency. Cadaret Grant is also affiliated with Western International Securities, Inc., a broker/dealer, SEC-registered investment adviser, and insurance agency.

Conflicts of Interest as a Broker/Dealer and Insurance Agency

Cadaret Grant is dually registered as both a broker/dealer and as a registered investment adviser. . Each IAR is an independent contractor registered representative with Cadaret Grant. This creates a conflict of interest because an IAR is able to choose between offering a client advisory fee-based programs and services and/or commission-based products and services. To mitigate this conflict, Cadaret Grant requires that any advisory program or service that a client is offered is suitable for the client's investment goals and financial needs.

You can participate in Pershing's LoanAdvance program which is a securities-based line-of-credit that can be used for most personal, consumer or business needs. In LoanAdvance, a client pledges eligible securities in his or her advisory account as collateral to secure the non-purpose loan. The client is charged a rate of interest that is a floating rate not to exceed 3 percentage points above the Prime Rate as published in *The Wall Street Journal*. The amount by which the interest rate is marked up over the Prime Rate, if any, is shared by Pershing with Cadaret Grant and our IARs. This results in additional compensation in connection with a client's advisory account. Trading is permissible in the advisory account that is pledged for the loan; however, the collateral must meet Pershing's LoanAdvance maintenance requirement to support the loan.

If you purchase securities that result in the payment of commissions through Cadaret Grant in its capacity as a broker/dealer, while at the same time the client receives asset management services, your IAR receives a fee for such services through Cadaret Grant in its capacity as a registered investment adviser. This creates a conflict of interest, and clients should clarify the capacity through which individual products or services are offered, and the type of compensation that is paid to Cadaret Grant and your IAR. It is important to note that when acting as a broker/dealer, neither Cadaret Grant nor its IARs owe you a fiduciary duty.

A client who receives advisory or consulting services from an IAR can purchase securities through Cadaret Grant, or insurance products offered through Cadaret, Grant Agency. . IARs receive commissions, markups or markdowns as registered representatives or insurance agents in connection with such transactions. Additionally, the individuals who are responsible for the immediate supervision of IARs can receive a portion of those commissions as an override to compensate them for their supervisory services. Clients are under no obligation to purchase products or services recommended by an IAR or through an IAR or otherwise through Cadaret Grant or its affiliates. Clients are free to implement recommendations through any broker/dealer or advisory firm. If a client requests that an IAR recommend a broker/dealer, the IAR will recommend Cadaret Grant; however, the client is under no obligation to effect transactions through us.

IRA Rollover Considerations

If you are a participant in an employer-sponsored retirement plan such as a 401(k) plan, and decide to roll assets out of the plan into a wrap account, Cadaret Grant and your IAR have a financial incentive to recommend that you invest those assets in a wrap account, because Cadaret Grant and your IAR will be paid on those assets, for example, through advisory fees. You should be aware that such fees likely will be

higher than those a participant pays through a plan, and there can be maintenance and other miscellaneous fees.

Plan participants are under no obligation to roll their retirement assets over to an IRA with Cadaret Grant and should carefully consider all relevant factors, such as penalty-free withdrawals starting as early as age 55, whether loans are permitted, legal protections, required minimum distributions, fees and expenses, service levels, available investment options, employer stock considerations and state taxes. Cadaret Grant asks clients considering a rollover to complete Cadaret Grant's Retirement Plan Rollover Disclosure Form documenting the rationale for the rollover decision and disclosing important information and considerations in connection with the rollover.

Conflicts of Interest with Independent Registered Investment Advisers

In addition to or in lieu of their registrations as IARs of Cadaret Grant, certain IARs own their own registered independent investment advisory firms (an "Independent RIA"). An Independent RIA owner can have three different but concurrent roles:

- As a registered representative with Cadaret Grant who receives commissions for recommending securities;
- As an IAR of Cadaret Grant who receives a fee for rendering advisory services on behalf of Cadaret Grant; and/or
- As an IAR of an Independent RIA who offers services outside of Cadaret Grant.

You should be aware that the receipt of additional compensation while acting in concurrent roles creates a conflict of interest and impairs the objectivity of these IARs when making advisory recommendations.

If your IAR is associated with an Independent RIA firm, this will be disclosed on your IAR's Part 2B of Form ADV. Depending on the terms negotiated, your IAR can retain a higher percentage of the advisory fee for services provided through an Independent RIA than would be retained when services are provided through Cadaret Grant. You should ask your IAR if purchasing services through an Independent RIA would result in increased costs to you. You are not obligated to purchase recommended investment products from our IARs or their Independent RIAs.

Conflicts of Interest with Affiliated Insurance Agency

Cadaret Grant is affiliated with Cadaret, Grant Agency, a licensed insurance agency. IARs, in their capacity as insurance agents with Cadaret, Grant Agency or as independent insurance agents, can effect transactions in insurance products for clients and earn commissions for these activities.

The fees paid to Cadaret Grant for advisory services are separate and distinct from the insurance commissions earned by Cadaret, Grant Agency and/or its insurance agents. Clients are under no obligation to use Cadaret, Grant Agency and/or its insurance agents for insurance services and can use the insurance agency and agent of their choosing.

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

Cadaret Grant has adopted a Code of Ethics ("Code") which sets forth standards of business conduct, which all associated persons of Cadaret Grant are required to follow. The Code also describes certain reporting requirements with which covered persons must comply. The Code includes provisions relating to

the confidentiality of client information, insider trading, gifts and entertainment, and personal securities trading, among other things.

Cadaret Grant's clients or prospective clients can request a copy of Cadaret Grant's Code by contacting us using the contact information on the cover page of this Brochure.

IARs will often invest in the same securities recommended to clients. Generally, these securities are shares of open-end mutual funds or stocks and bonds actively traded on a national securities exchange or market where the time and size of the transactions will not affect purchases or sales for clients. They can also make purchases for their own accounts at or about the same time as the purchases/sales are made in client accounts. Orders for clients and orders for IARs' own accounts are sometimes aggregated in "block trades" or aggregated orders. Aggregated orders can achieve better execution for all participating accounts and those advantages will be fairly allocated among participating accounts.

IARs can hold positions in securities held or recommended to clients but are not allowed to front-run or otherwise benefit from these positions. Internal procedures have been instituted to ensure that the client is treated fairly in execution of all trades.

To avoid conflicts of interest, Cadaret Grant IARs are prohibited from buying or selling securities for their personal accounts where their decision is substantially derived, in whole or in part, by reason of their employment unless the information is also available to the investing public on reasonable inquiry. No IAR may place their own interests over those of the client. Further, all IARs must comply with all applicable federal and state regulations governing registered investment advisers.

Brokerage Practices

Cadaret Grant has no brokerage soft dollar arrangements and receives no benefits or research in exchange for executions.

Cadaret Grant utilizes Pershing or Schwab to execute transactions in accounts and to custody Platform assets. Transactions executed through Pershing or Schwab are subject to our duty to obtain "best execution", i.e., a price that is as favorable as possible under the prevailing market conditions. 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 broker/dealers' services, including commission rates, prompt, reliable execution, execution capabilities (including block positioning), financial stability, ability to maintain confidentiality, delivery, and ability to obtain best execution. To assist in evaluating the quality of Pershing's or Schwab's equity executions, Cadaret Grant engages the services of a third-party vendor who monitors Pershing's or Schwab's equity executions for quality and helps us identify transactions that are eligible for price improvement. While Cadaret Grant makes every effort to obtain the best execution possible, because we execute only through Pershing or Schwab, there is no assurance that best execution will be obtained.

Accounts are managed based on model portfolio strategies. One or more clients can be assigned to the same model portfolio, based on their investment objective and risk profile. Aggregate orders in a block trade are typically executed when models are rebalanced or if one or more securities are added or removed from a model. Transactions can, however, be executed independent of transactions for other clients. An IAR must reasonably believe that a block order is consistent with Cadaret Grant's duty to seek best execution and will benefit each client participating in an aggregated order. The average price per share of a block trade is allocated to each account that participates in the block trade.

Custody

Cadaret Grant has limited custody of our clients' funds or/ securities when clients authorize us to deduct our management fees directly from their client's account. Cadaret Grant is also deemed to have custody of a client's funds and/or securities when a client has on file a standing letter of authorization ("SLOA") with the account custodian to move money from the client's account to a third-party and the SLOA authorizes us to designate, based on your instructions from time to time, the amount or timing of the transfers. The SEC has set forth a set of procedural safeguards intended to alleviate a firm being held to the full requirements of the SEC's Custody Rule under these circumstances, which we follow.

Cadaret Grant has an arrangement with Pershing and Schwab to provide clearance and custody of accounts. Pershing and Schwab: (a) maintain custody of all account assets, (b) execute and perform clearance of purchase and sale orders in accounts, and (c) perform all custodial functions customarily performed with respect to securities brokerage accounts, including but not limited to the crediting of interest and dividends on account assets. Pershing and Schwab will forward client account statements as well as confirmation of each purchase and sale to you. Pershing and Schwab act as the general administrator of each account, which includes collecting account fees on Cadaret Grant's behalf and processing, pursuant to Cadaret Grant's instructions, deposits to and withdrawals from the account. Pershing and Schwab do not assist clients in selecting Cadaret Grant or any investment objective or in determining suitability. You retain ownership of all cash, securities and other instruments in the account.

You should receive at least quarterly statements from Pershing or Schwab. Cadaret Grant urges you to compare the holdings listed on the custodian's statement to those listed on reports Cadaret Grant or your IAR may provide. If you have a question about a discrepancy, you should direct it to your IAR. If the IAR is unable to adequately address your concern, you should contact Cadaret Grant at the phone number on the cover page of this Brochure.

Review of Accounts

Each IAR monitors his or her client accounts and conducts a review of accounts periodically. Factors that could result in additional reviews include, but are not limited to, significant market corrections, large deposits or withdrawals from an account, substantial changes in the value of a client's portfolio, or a change in the client's investment objectives or life circumstances.

In addition to the account reviews conducted by IARs, transactions in accounts are subject to review by the IAR's designated supervisor through an alert-based electronic transaction review system. IARs are also subject to Cadaret Grant's branch office examination program where a sampling of accounts and/or transactions are reviewed by the examiner.

On a periodic basis, clients participating in Cadaret Grant's wrap fee programs are sent a performance report. Pershing or Schwab also send account statements to you on a monthly or quarterly basis. Although the information we provide in the performance reports is obtained from sources believed to be reliable, we urge you to compare the holdings listed on the custodian's statement to those listed on reports Cadaret Grant or your IAR provide. You should carefully review all statements and performance reports. If any discrepancies are noted, you should contact us at the number on the cover page of this Brochure.

Client Referrals and Other Compensation

Cadaret Grant Compensation to IAR

Your IAR recommending wrap accounts receives compensation from Cadaret Grant. Cadaret Grant compensates its IARs pursuant to an independent contractor agreement, and not as an employee. This compensation includes a portion of the advisory fee, which may be more or less than what your IAR would receive at another advisory firm. Such compensation includes other types of compensation, such as bonuses, awards or other items of value offered by Cadaret Grant. Cadaret Grant pays its IARs in different ways, for example:

- Reimbursement or credit of fees IARs pay to Cadaret Grant for technology services;
- Free or reduced-cost marketing materials;
- Payments in connection with the transition of association from another broker/dealer or investment advisor firm to Cadaret Grant;
- Payments in the form of repayable or forgivable loans; and
- Attendance at Cadaret Grant conferences and events.

Cadaret Grant pays its IARs this compensation based on the IAR's overall business production and on the amount of assets on Cadaret Grant's advisory platforms, including wrap accounts.

Cadaret Grant also provides various benefits and/or payments to IARs that are newly associated with Cadaret Grant to assist the IAR with the costs (including missed revenues during account transition) associated with transitioning his or her business to Cadaret Grant (referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not limited to, providing working capital to assist in funding the IAR's business, offsetting account transfer fees payable to the custodian as a result of the IAR's clients transitioning to Cadaret Grant's platforms, technology set-up fees, marketing, mailing and stationery costs, registration and licensing fees, moving and office space expenses, staffing support and termination fees associated with moving accounts. Cadaret Grant does not verify that any payments made are used for such transition costs.

The amount of the Transition Assistance payments is based on a percentage of the overall revenue earned or compensation received by the IAR at his or her prior firm. These payments are generally paid by Cadaret Grant or forgiven by Cadaret Grant based on years of service with Cadaret Grant (e.g., if the IAR remains with Cadaret Grant for 5 years) and/or the scope of business engaged in with Cadaret Grant, including the amount of advisory account assets with Cadaret Grant.

The receipt of Transition Assistance creates a conflict of interest in that an IAR has a financial incentive to recommend that a client open and maintain an account with the IAR and Cadaret Grant for advisory and/or commission-based accounts in order to receive the Transition Assistance benefit or payment. Cadaret Grant and its IARs attempt to mitigate these conflicts of interest by assessing and recommending that clients use Cadaret Grant's services based on the benefits that such services provide to clients, rather than the Transition Assistance earned by any particular IAR. However, you should be aware of this conflict and take it into consideration in deciding whether to establish or maintain a relationship with Cadaret Grant and your IAR.

Revenue Sharing

Cadaret Grant earns fees when we invest your account assets or recommend that you invest in certain mutual funds (including money market funds) and ETFs. These fees are called "revenue sharing." Mutual fund and ETF sponsors and third-party money managers ("Partners") pay these fees to Cadaret Grant in what we call the Partners Program. Partners pay different amounts of revenue sharing fees and receive

different levels of benefits for their payments. We do not share revenue sharing fees with our IARs. An IAR's compensation is the same regardless of whether a sale involves a Partner's product or service.

The payments made under our Partners Program are calculated based either on gross sales or assets under management, or on a flat fee arrangement, and vary by Partner. The benefits Partners receive include our IAR contact lists and business metrics, preferred placement on our website, participation in product training initiatives and marketing and sales campaigns, and the ability to participate in our conferences.

We use the revenue from our Partners to support certain marketing, training, and educational initiatives including our annual National Educational Conference. The conference provides a venue to communicate new products and services to our registered representatives and IARs, to offer training to them and their support staff, and to keep them abreast of regulatory requirements. The revenue is also used to pay for annual awards for our registered representatives and IARs who generate the most revenue overall and to pay for our general marketing expenses. A Cadaret Grant registered representative or IAR who earns total compensation over a threshold amount receives an award, in the form of a trophy, medal, or plaque, and is invited to attend Cadaret Grant's top producer conference. Revenue from Partners helps to pay for top producer conference costs. Top producing Cadaret Grant registered representatives and IARs receive an award based on total sales, including sales of Partners' mutual funds and ETFs.

We prepare and make available to our IARs a quarterly list of Partners' mutual funds and ETFs that have been screened for investment performance against other Partners' funds with similar objectives and asset classes (the "Select Fund List" or "List"). Cadaret Grant and our IARs have a conflict of interest when an IAR chooses or recommends an investment from the Select Fund List for your portfolio because Cadaret Grant receives revenue sharing fees from the mutual fund or ETF sponsor. Our receipt of revenue sharing fees influences our selection of mutual funds and ETFs, as we are likely to recommend a fund or ETF whose sponsor pays us revenue sharing fees over a fund or ETF whose sponsor does not pay us.

You do not pay more to purchase funds from the List through Cadaret Grant than you would pay to purchase these funds through another broker-dealer, and your IAR does not receive additional compensation for selecting a fund from the List. IARs are not required to choose or recommend investments from the Select Fund List.

To see Cadaret Grant's Third-Party Fee Disclosure, which identifies the participants in the Partners Program, please visit the Disclosures section of our website at www.cadaretgrant.com/disclosures.

Pershing Clearing Relationship

Pershing is the clearing firm for Cadaret Grant's brokerage business and is the custodian for Cadaret Grant's advisory accounts, including TIMS, Contour, and other wrap accounts. Pershing earn fees from clients and third parties and shares some of them with Cadaret Grant. Our IARs do not receive any part of these fees.

When Pershing is the custodian of your account, it automatically moves (sweeps) the cash in your account into money market funds and/or FDIC insured bank deposit accounts. You and your IAR select the money market fund or bank deposit account. Pershing retains some of the interest paid on the bank deposit account, or shareholder servicing fees paid on the money market fund and pays a portion of that to Cadaret Grant. These payments are called "distribution assistance" and they vary based on the bank deposit account or money market fund you select. Cadaret Grant does not determine the interest rates paid on

bank deposit accounts or shareholder servicing fees paid on money market funds, or the amount or percentage of distribution payments that we receive. When interest rates are low, or in the event of a regulatory change, Pershing reserves the right to reduce or discontinue its distribution assistance payments to Cadaret Grant.

Our receipt of distribution assistance payments creates a conflict of interest because Cadaret Grant has an incentive to recommend or make available money market funds and FDIC insured bank deposit accounts with higher distribution assistance payments over those with lower or no payments. We mitigate this conflict through disclosure in this Brochure. We do not share distribution assistance payments with IARs.

Pershing also pays fees to Cadaret Grant, or shares fees it earns with Cadaret Grant, for the following items:

- Transition assistance in the form of reimbursement of IRA termination fees of up to \$165 per account for a retirement account transferred to Pershing and up to \$125 per retail account for retail accounts transferred to Pershing;
- A growth assistance credit for seven years to support, service, and grow brokerage assets on the Pershing platform;
- A portion of certain brokerage account services and custodial fees charged to customer accounts that exceeds the amount that we are required to pay Pershing for such services, including account transfer fees, IRA custodial and termination fees, paper confirm and statement fees, inactive (custodial) account fees, retirement account maintenance fees, and margin interest; and
- A portion of shareholder servicing fees from certain mutual fund sponsors as part of their FundVest® FOCUS program. We also receive other fees in connection with the FundVest FOCUS program, as described below.

In the FundVest FOCUS program, Cadaret Grant is eligible to receive through a contractual agreement, 100% of Rule 12b-1 fees, and for participating funds that do not pay Rule 12b-1 fees, up to 50% of FundVest service fees for FundVest assets over a threshold amount that are held in the aggregate in client's brokerage and advisory accounts. We credit all Rule 12b-1 fees we receive to a client's advisory accounts. Our receipt of a portion of the FundVest funds' service fees creates a conflict of interest because we have an incentive to invest your assets or to recommend that you purchase or hold these mutual funds that pay fees to Cadaret Grant over other funds that do not pay these fees. We mitigate this conflict through disclosure in this Brochure. Cadaret Grant does not share these fees with IARs.

Most FundVest funds have higher internal expenses than funds that are not in the FundVest program, and the share classes of funds in the program have higher internal expenses than share classes not in the program. The higher internal expenses will reduce the long-term performance of an account when compared to an account that holds lower-cost share classes of the same fund. Clients should ask whether lower-cost share classes are available and/or appropriate for their account considering their expected investment holding periods, amounts invested, and anticipated trading frequency. FundVest funds held less than six months are also subject to a short-term redemption fee of \$50 which will be charged to your account. Further information regarding mutual fund fees and charges is available in the applicable mutual fund prospectus. For a list of funds participating in the FundVest program, please contact us using the contact information provided on the cover page of this Brochure. Pershing, in its sole discretion, may add or remove mutual funds from the FundVest program or may terminate the FundVest program without prior notice.

Solicitation Activities

From time to time, Cadaret Grant enters into solicitation agreements with individuals or entities whereby investment advisory accounts are solicited by Cadaret Grant and referred to another state-registered or SEC-registered investment adviser. In these situations, Cadaret Grant is compensated for the referral activity.

Financial Information

Cadaret Grant is not required to include a balance sheet in this Brochure because we do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

There is no financial condition that is reasonably likely to impair Cadaret Grant's ability to meet its contractual commitments to its clients. Cadaret Grant has never been the subject of a bankruptcy proceeding.