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## Form ADV Part 2A: Firm Brochure

### **Item 1 – Cover Page**

This brochure provides information about the qualifications and business practices of SSN Advisory, Inc. While SSN Advisory, Inc. is the official business name of the Investment Advisor Firm, the firm is sometimes referred to as “SSNAI” in disclosure documents for our registered representatives and investment advisor representatives who process business through our Advisory Platforms. If you have any questions about the contents of this brochure, please contact us at 800-264-5499. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration does not imply a certain level of skill or training.

Additional information about SSN Advisory, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

The following information discusses only material changes since the last annual update of this brochure. The last annual update of this brochure was March 30, 2020. Additional Changes of note since our last filing:

SSN Advisory, Inc. filed its last annual amendment to its Form ADV Part 2A Brochure on March 30, 2020. Since then, the following changes have occurred.

- There have been changes to the indirect owners of SSN Advisory, Inc. (SSNAI) that are disclosed in Item 4 and Item 10. SSNAI's direct owner is Securities Service Network, LLC, (SSN) which is now owned by Advisor Group Holdings, Inc.

When make any material changes relating to Item 9 (disciplinary information), we will provide you either (i) a copy of our Form ADV Part 2A that includes or is accompanied by a summary of material changes or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV Part 2A. We urge you to carefully review all subsequent summaries of material changes as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest and disciplinary history.

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## **Item 4 - Advisory Business**

SSN Advisory, Inc. (SSNAI) is an investment advisor registered with the Securities and Exchange Commission ("SEC") since April 2003. SSNAI is owned by a FINRA member introducing broker-dealer firm, Securities Service Network, LLC (SSN). SSN is a fully disclosed introducing broker-dealer and a wholly-owned subsidiary of Advisor Group Holdings, Inc (AGHI). AGHI provides products and services through a number of subsidiaries. AGHI has several other affiliates registered as investment advisors, an investment company, insurance broker, broker/dealers and a trust company.

SSN Advisory, Inc.(SSNAI) is a wholly owned subsidiary of Securities Service Network, LLC (SSN) and SSN is a wholly owned subsidiary of Advisor Group Holdings, Inc., which is owned by primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P. and The Berliniski Family 2016 Trust.

More information on SSN and AGHI is available in the following sections:

- Other Financial Industry Activities and Affiliations
- Brokerage Practices
- Custody

As of December 31, 2019, SSNAI manages \$2,046,466,105 on a discretionary basis and \$390,673,105 on a non-discretionary basis. This would total approximately \$ 2,437,139,210 in regulatory assets under management. Additionally, SSNAI has investment programs for separately managed accounts (SMAs). The assets managed in this program are often performed on a discretionary basis by third party investment advisors and the amount of assets as of December 31, 2019 are \$67,443,135. In total, SSNAI affiliated investment advisor representatives contract approximately \$3,726,302,146 when including discretionary, non-discretionary, SMA and TPIA business through our asset management programs.

A variety of individualized investment advisory services are available through SSNAI. Through meetings and discussions, you will provide detailed financial and other pertinent data to your Investment Advisor Representative (hereinafter referred to as "IAR"). Your IAR will help you determine your risk tolerance, investment goals, and other relevant investment guidelines. This information will be used to help you choose the appropriate investment advisory services from among three general categories. You may impose restrictions on investing in certain securities or types of securities. Specific services, related fee arrangements, and all terms and conditions of our client agreement are contained in the SSNAI Investment Advisory Agreement ("Agreement") that is provided for your signature. The three general categories are:

**Service 1: Financial Planning and Consulting Services:** Your IAR may provide financial planning and consulting services consistent with your investment objectives, financial and tax status, risk tolerance and time horizon. These services include project-based advisory services and subscription-based advisory services. Project based advisory services are often offered on an hourly or fixed fee negotiated level. Subscription services are designed for ongoing advice and financial services that could last years into the future and bill on monthly, quarterly, semi-annually or annual basis. The billing for subscription services will continue until either the Client or Advisor terminate the service. The nature of the advisory consulting services, either project-based or subscription-based, will be determined by the selections made in your written financial consulting agreement.

Financial consulting services often include, but are not limited to: budgeting and cash flow analysis, income tax planning, education funding and planning, retirement planning, estate planning, fringe benefit analysis, business continuation planning, divorce settlement planning, employer non-ERISA covered retirement plan reviews, executive compensation planning, exit planning due to business disposition or sale, insurance/risk management planning, investment portfolio review, investment allocation review for plan participants, real estate planning and general securities/allocation reviews for individuals/businesses/charitable organizations/pension systems.

When generating a financial plan, your IAR may:

- a. Consult with you and analyze your financial needs and objectives based upon the information provided by you; or,
- b. Prepare a written financial plan based on your identified financial needs and objectives; or,
- c. Recommend, as part of your financial plan, investment strategies he or she believes are suited for your identified financial needs and objectives; or,
- d. Review the performance of your investment accounts (whether purchased through SSNAI or identified to SSNAI by you for review) in light of your identified needs, objectives, and financial plan on a periodic basis, as specific in the Agreement; or,
- e. Discuss the review with you annually or more frequently as is dictated by the nature of your investment or your request; or,
- f. Recommend either verbally or in writing, generic changes in your investments, strategy, or financial plan in connection with the review of your investments or the identification of new financial needs or objectives by you.
- g. When called for, your IAR may conduct a single-needs analysis to provide research, plan designs, or specific investment advice for you, if you do not need or desire the more traditional financial planning process described in parts (a) through (f).

All investment analyses and recommendations will be based upon information provided to your IAR by you. There will be no independent investigation of your background information, nor update of such information, without your express written consent. It remains your responsibility to advise your IAR of any changes in circumstances, e.g. financial needs, objectives, goals and investments held with other firms or any other changes which would impact your financial condition.

Your IAR may provide financial planning and consulting services to you on direct participation programs including alternative energy programs, real estate development programs, equipment leasing programs, and only those direct participation programs which have been approved for sale by SSN registered representatives. However, recommendations as to the advisability of purchasing or selling these limited partnership or REIT investments will be made in your representative's capacity as a registered representative of SSN and not as an IAR of SSNAI.

*Service 2: Asset Management Services:* Your IAR may offer an asset management service to you pursuant to an agreement between you and SSNAI. Your IAR will develop an asset allocation strategy consistent with your investment objectives, financial and tax status, risk tolerance and time horizon. Each asset allocation strategy consists of an agreed to percentage mix of fixed income and equity investments. The fixed income allocation may include one or more of the following: (a) cash; (b) money market funds; (c) U.S. government securities; (d) foreign government bonds; (e) U.S. corporate debt; (f) foreign corporate debt; (g) municipal securities; (h) fixed income mutual funds; and (i) any other appropriate fixed income investment. The equity portion of the allocation may include one or more of the following: (a) individual stocks which are exchange listed; (b) individual stocks which are traded over the counter; (c) individual stocks issued by foreign corporations; (d) equity mutual funds; (e) variable annuity products; (f) securities options contracts (non-discretionary only and limited to purchases of put options where the account is long the underlying security & writing covered calls); (g) interests in direct participation programs; (I) ETFs and (J) any other appropriate equity investment. Recommended mutual funds may be no-load or load-waived.

Once the basic asset allocation strategy is determined, your existing assets may be liquidated (or transferred into the appropriate account) and invested into the investment vehicles chosen by you and your IAR. Reallocation of assets will trigger taxable events except where Individual Retirement Accounts, 401(k) Accounts, 403(b) Accounts, or other qualified retirement plans or accounts are involved.

Asset management services may be provided on a discretionary or non-discretionary basis at your option. If you choose to provide SSNAI with discretion you have empowered your IAR to buy and sell securities without your prior knowledge. All discretionary accounts must be approved in advance by SSNAI. Discretionary accounts will only be approved for non-commission generating accounts.

If you receive asset management services, you may contract for quarterly reports that indicate the following

information as of the last day of each calendar quarter; (1) all asset class positions; (2) the specific investment vehicles included in each asset class; and (3) the dollar amount invested in each investment vehicle.

**Service 3: Third Party Investment Advisory Services:** Your IAR may assist you in identifying a third-party registered investment advisor from a list of available advisors who will counsel you with respect to your investment funds. Your IAR will provide you with data concerning the investment advisor's past performance, management style, location, minimum account size, assets under management, fees and other information. If you select this service, your IAR assists you in choosing an appropriate third-party investment advisor, but does not offer advice on behalf of SSNAI.

Your IAR will provide you with both SSNAI's Brochure and the third-party investment advisor's Brochure. Upon selection of a third-party investment advisor, you will sign the applicable advisor's Advisory Contract and deposit funds in an appropriate account. Thereafter, your funds will be invested as recommended by the third-party investment advisor. SSNAI and your IARs will not actively participate in the investment selection process.

If the third-party investment advisor's services are furnished with respect to assets in accounts maintained at SSN, in its capacity as a broker-dealer, these accounts are generally carried on a "fully disclosed" basis with a clearing broker-dealer. Please refer to Item 15 - Custody for information about SSN's custody practices.

**Wrap Fee Programs:** SSNAI sponsors the Encompass Wrap and the Encompass SMA Wrap Fee Programs.

Encompass Wrap is an asset management program offered through IARs of SSNAI and by other registered investment adviser. For additional information regarding Encompass Wrap, please refer to the Encompass Wrap Brochure.

Encompass SMA is a discretionary asset management program offered through IARs of SSNAI and by other registered investment advisers (collectively referred to as Advisor or Advisors). For Encompass SMA SSNAI uses the asset allocation, manager selection, and portfolio construction services of a Sub-Advisor.

For additional information regarding Encompass SMA please refer to the Encompass SMA Brochure.

**Retirement Plan Services:** SSNAI offers consulting and advisory services for employer-sponsored retirement plans that are designed to assist plan sponsors of employee benefit plans ("Sponsor(s)"). SSNAI may also assist Sponsors with enrollment and/or providing investment education to plan participants and beneficiaries. SSNAI provides these retirement plan services ("Retirement Services") through its independent contractor IARs, and may charge a fee for the Retirement Services, as described below. Retirement Services are either ERISA Fiduciary Services or ERISA Non-fiduciary Services. ERISA Non-fiduciary Services may be performed only so that they would not be considered fiduciary services under the Employee Retirement Income Security Act of 1974, as amended (ERISA). When delivering ERISA Fiduciary Services, your IAR will perform those services to the plan as a fiduciary under ERISA Section 3(21)(A)(ii) and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. When providing any ERISA Fiduciary Services, your IAR will solely be making recommendations to the Sponsor and the Sponsor retains full discretionary authority or control over assets of the plan.

Sponsor may engage SSNAI to perform the Retirement Services by completing a Retirement Plan Consulting Agreement (Consulting Agreement). The Consulting Agreement describes the terms of the arrangement between SSNAI and the Sponsor, including a description of the Retirement Services and the fees to be charged by SSNAI.

## **Item 5 - Fees and Compensation**

**Service 1: Financial Planning and Consulting Services:** Fees may be fixed or hourly and are always negotiable. There is no maximum rate for fixed fees. Hourly fees are billed at a maximum rate of five hundred dollars (\$500.00) per hour. Fees are estimated by your IAR based upon a preliminary assessment of the complexity of your financial circumstances, the level of skill required to perform the services, and, accordingly, the time likely to be required to perform the services. The fees will be specific in the Agreement. For fixed or hourly fees, one-half of the estimated fixed fees may be due and payable upon acceptance of the Agreement by your IAR. In such a case, the balance of the

fees will be due and payable upon delivery of the plan, recommendations or otherwise at the conclusion of the services. While financial planning and consulting fees can be charged in advance of services rendered. Under no circumstances will SSNAI or your IAR require prepayment of a fee more than six months in advance and in excess of \$1200.00.

Agreements can be contracted for any time interval that is agreed to by the both the Client and Advisor. The Agreement may be terminated at any time at the Client's discretion. The IAR or SSNAI may terminate the Agreement at any time upon 30-days written notice to Client. If fees were billed in advance, any unearned fees will be returned to the client. Once the Advisor's work product has been delivered, either by time frame conclusion or by product deliverable, there are no provisions for refunds when services have been rendered.

SSNAI has contracted with a company named AdvicePay to offer billing services to credit cards or checking accounts. This service will enhance the opportunity for both project based and subscription based financial consulting services with electronic payment processing. Subscription based fee services automatically renew one year from the date of Client's signature unless cancelled by written notice prior to that date. In the event of such termination, Client is entitled to a refund of any "unearned" portion of fees already paid, on a pro rata basis.

Electronic payments through AdvicePay – by entering the written financial consulting agreement the Client agrees to receive invoices electronically and remit payment through the AdvicePay portal forwarded to Client by Advisor. Client understands that it is Client's responsibility to cancel subscription payments made through AdvicePay and that such payments may continue until cancelled by Client.

Service 2: Asset Management Services: The maximum annual fee for participation in the asset management services program is 2.50% and may be negotiated. Fees for this service are paid either in advance or arrears.

Advisory fees due to SSNAI may be either:

- a. Deducted from the client's account, when due: SSNAI will liquidate money market shares to pay the fees and, if insufficient money market shares or cash are available, other investments will be liquidated to pay the fees. The investment(s) to be liquidated will be selected at random by your IAR. Authorization for the automatic deduction of fees from your account(s) is contained in the Agreement.
- b. Paid by check. Fees that are not directly debited from your account should be paid by check. Your check should be made payable to SSN Advisory, Inc. FBO (IAR name).

Fees are calculated on your account(s) in accordance with the Agreement on a monthly or quarterly basis. Unless otherwise agreed to by contract, the fee is calculated based upon either:

- a. the average daily value of your account computed and payable in advance or arrears during the preceding month or quarter, as determined by your advisory services agreement; Or
- b. the fair market value of the assets in the account payable in advance or arrears as of the end of the month or quarter, as determined by your advisory services agreement.

Fee Schedules may be either tiered or linear:

- a. Tiered fee schedule - similar to our current income tax system. Each level of assets is charged its own corresponding percentage rate. For example, a tiered fee schedule might charge 2.5% on the first \$250,000, 1.75% on the next \$250,000 and 1.5% on the next \$250,000, effectively giving you a blended and lower rate than the maximum 2.5%.
- b. Linear fee schedule - as your assets grow and breakpoints are met, fees are decreased. Unlike the tiered fee schedule, once a breakpoint has been met all of the assets back to dollar one is then charged at the new lower percentage rate.

Account value used to calculate advisory fees is based on the "settlement value" of your account. Investors must complete or "settle" their security transactions within three business days. This settlement cycle is known as "T+3," shorthand for "trade date plus three days." T+3 means that when you buy a security, your payment must be received by

your brokerage firm no later than three business days after the trade is executed. When you sell a security, you must deliver to your brokerage firm your securities certificate no later than three business days after the sale. For example:

- If a position that settles in three days is purchased, the value of that position will not be included in the account value until the end of the three-day settlement period;
- If a position that settles in three days is sold, the value of that position will be included in the account value until the end of the three-day settlement period.

Not every security will have the same settlement periods; periods vary between T+1, T+2 and T+3. If you are purchasing and selling positions on the same date with different settlement periods, your account settlement value used for fee calculation purposes may be more or less than other account value calculation methods.

The selection of certain fee calculation combination options as outlined above may cost you more or less than the selection of other fee calculation combination options. You and your IAR may choose to “link” or combine multiple accounts for billing purposes. Linking may allow you to reach higher tiers or breakpoints which may result in lower overall costs than if your accounts are not linked.

If you need brokerage and/or custodial services, you will have SSN, in its capacity as a broker-dealer, recommended to you. More information on brokerage practices is discussed in Item 12.

SSNAI offers various Asset Management Services; Enact, Encompass, and Encompass SMA which are all available on the Pershing and NFS platforms; SSN has approved a limited number of IARs to maintain client accounts at Fidelity Institutional Wealth Services (FIWS). Enact and Encompass have platform fees that are retained by SSNAI affiliate SSN.

- Enact:
  - The annual platform fee for Enact ranges from 0.20% to 0.01% based on your total assets on the platform. The minimum annual platform fee is \$100.00 unless the account is linked as described above. As you add assets to the platform, the platform fee will be reduced (“Breakpoint”). The platform fee may be billed in advance or arrears either monthly or quarterly and is reflected in your Platform Fee Agreement. Due to the platform fee Enact accounts may only be linked with other Enact accounts.
  - The annual platform fee may be increased in the future.
  - Certain mutual funds are available on the Encompass platform for no transaction fees.
  - All other transactions will bear certain transaction costs which will be fully disclosed. For more information on transaction costs, please refer to Item 12 – Brokerage Practices.
- Encompass:
  - The annual platform fee for Encompass ranges from 0.20% to 0.01% based on your total assets on the platform. The minimum annual platform fee is \$100.00. As you add assets to the Encompass platform, the platform fee will be reduced (“Breakpoint”). The platform fee may be billed in advance or arrears either monthly or quarterly and is reflected in your Platform Fee Agreement. Due to the platform fee Encompass accounts may only be linked with other Encompass accounts.
  - The annual platform fee may be increased in the future.
  - Certain mutual funds are available on the Encompass platform for no transaction fees.
  - All other transactions will bear certain transaction costs which will be fully disclosed. For more information on transaction costs, please refer to Item 12 – Brokerage Practices.
- FIWS:
  - There is no annual platform fee or minimum account size for FIWS
  - Certain mutual funds are available on the FIWS platform for no transaction fees. Neither SSN nor your IAR receive revenue sharing and/or 12b-1 fees. All other transactions will bear certain transaction costs which will be fully disclosed

Platform Fee Schedule for Enact and Encompass



Account Size	Fee
\$0.01 - \$250,000	0.20%
\$250,000.01 - \$750,000	0.125%
\$750,000.01 - \$2,000,000	0.05%
\$2,000,000.01 and up	0.01%

This is a tiered system where the first \$250,000 is billed at 0.20% and the next \$500,000 is billed at 0.125%. Breakpoints do not go back to the first dollar.

Your IAR may choose to pay broker-dealer ticket charges and or absorb your platform fee as part of their advisory fee. If your IAR does not pay ticket charges or absorb the platform fee this may result in higher overall cost to you. You will pay separately for IRA custodial services. All fees paid to SSNAI for investment advisor services and SSN for brokerage services are separate from fees and expenses charged to owners of mutual fund shares by the product sponsors. As a result, you may pay two management fees.

Many mutual funds offer multiple share classes with differing internal expenses. SSNAI will make every effort to utilize the lowest cost share class available to it on these platforms. Neither SSNAI, SSN nor your IAR will retain 12b-1 or trail fees on your Enact or Encompass accounts.

Some registered representatives of Securities Service Network, LLC may own and operate their own Registered Investment Advisor firms. In certain circumstances, such representatives may receive prior approval to conduct advisory business "away" from NFS or Pershing.

There are no provisions for refunds when services have been rendered.

Unless otherwise stated in the agreement, asset management services client contracts are for a period of one year and self-renew each year. The advisory agreement may be terminated at any time at your discretion. Your IAR or SSNAI may terminate the advisory agreement at any time upon 30-days written notice to the client.

If the advisory agreement is terminated and services have not been fully rendered for fees paid in advance, a pro-rated fee will be calculated and returned to the account of record, or a single account if house holding was implemented by the client and will include any unearned fees based on the dates and times of the notice of termination and the remaining days left in the contract billing period.

*Service 3: Third Party Investment Advisory Services:* Fees and their method of calculation, for each third-party investment advisor's services are carefully described in their Form ADV Part 2 Brochure. Fees may be negotiable. Third-party investment advisors generally charge fees that on a periodic basis (usually quarterly) are debited from the client accounts on a schedule pre-approved by you. In most cases, the account debiting arrangements are designed to follow the provisions of Rule 206(4)-2 of the Investment Advisers Act of 1940. You should consult the third-party advisor's Form ADV Part 2 Brochure to determine: (a) if compensation is payable before the service is provided; (b) when compensation is payable; (c) how you may get a refund on any pre-paid fees; and (d) how you may terminate an advisory contract before its expiration date.

A portion of the fees charged to you by the third-party investment advisor is allocated to SSNAI and your IAR for introducing accounts to the advisor. In some cases when a client is introduced by SSNAI, the third-party investment advisor may choose to implement securities transactions through SSN within its capacity as a broker/dealer, with compensation to SSN in the form of directed commissions. Such arrangements shall be fully disclosed to the client.

*General Responses:* Your IAR may receive non-cash compensation in the form of due diligence trips or marketing support from product sponsors. Non-cash compensation will not be based on the number or amount of sales, client

referrals, or new accounts. This presents a conflict of interest and gives your IAR an incentive to recommend investment products based on the non-cash compensation received, rather than on your needs.

**Wrap Fee Programs:** The Fee for Encompass SMA varies based upon the service(s) by the client. Please refer to the Encompass SMA Brochure for additional information.

**Retirement Plan Services:** Fees for the Retirement Services ("Fees") are negotiable, and Sponsor may be charged a fee based on a percentage of plan assets, an hourly rate or a flat dollar amount. Sponsor may specify whether to pay the Fees directly or may authorize the plan's record keeper or custodian to pay SSNAI from plan assets. The selection of certain fee calculation combination options as outlined below may cost you more or less than the selection of other calculation combination options.

Fee based on a percentage of plan assets are calculated in accordance with the Consulting Agreement on a monthly or quarterly basis. Unless otherwise agreed to by contract, the fee is calculated based upon either:

- a. the average daily value of your account computed and payable in arrears during the preceding month or quarter; or,
- b. the fair market value of the assets in the account payable in arrears as of the end of the month or quarter. Fee Schedules may be either tiered or linear.
- c. Tiered fee schedule - similar to our current income tax system. Each level of assets is charged its own corresponding percentage rate. For example, a tiered fee schedule might charge 2.5% on the first \$250,000, 1.75% on the next \$250,000 and 1.5% on the next \$250,000, effectively giving you a blended and lower rate than the maximum 2.5%.
- d. Linear fee schedule - as your assets grow and breakpoints are met, fees are decreased. Unlike the tiered fee schedule, once a breakpoint has been met, all the assets back to dollar one is then charged at the new lower percentage rate.

There is no maximum rate for flat dollar fees and are payable either monthly, quarterly, or annually as indicated in the Consulting Agreement.

Hourly fees are billed at a maximum rate of five hundred dollars (\$500.00) per hour. Fees are estimated by your IAR based upon a preliminary assessment of the complexity of your financial circumstances, the level of skill required to perform the services, and, accordingly, the time likely to be required to perform the services. The fees will be specific in the Consulting Agreement.

If the Consulting Agreement is terminated prior to the end of the billing period, SSNAI will be entitled to a fee, prorated for the number of days in the billing period prior to the effective date of termination, and for asset-based fees, based on the market value of the plan assets at the close of business on the effective date of termination.

Sponsors receiving Retirement Services may pay more or less than a client might otherwise pay if purchasing the Retirement Services separately or through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the plan, the specific investments made by the plan, the number of locations of participants, the Retirement Services offered by another service provider, and the actual costs of Retirement Services purchased elsewhere. Considering the specific Retirement Services offered by SSNAI, the Fees charged may be more or less than those of other similar service provider.

All fees paid to SSNAI for Retirement Services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each investment's prospectus. These fees will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may pay an initial or deferred sales charge. The Retirement Services provided by SSNAI are designed to, among other things, assist the client in determining which Manager(s) are most appropriate to each client's financial condition and objectives and to provide other administrative assistance as selected

by the client. Accordingly, the client should review both the fees charged by the funds, the Manager, the plan's other service providers and the fees charged by SSNAI to fully understand the total amount of fees to be paid by the client and to evaluate the Retirement Services being provided.

Your IAR is a registered representative of Securities Service Network, LLC, of Knoxville, Tennessee, a FINRA registered broker-dealer. As such, your IAR can execute securities transactions through Securities Service Network, LLC. As a result, the IAR will receive commissions related to products that are sold to meet client objectives. Products like mutual funds held direct at the fund companies or variable annuities that contain life insurance benefits can often produce commissions that are paid to your IAR as a registered representative. However, SSNAI has a policy of separating and segregating accounts that pay commissions vs. accounts that are managed by your IAR for a fee on platforms with a platform fee. Therefore, when you open a fee-based account through your IAR, those accounts do not pay any other form of compensation to your IAR or Securities Service Network, LLC.

### **Item 6 - Performance-Based Fees and Side-By-Side Management**

SSNAI does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets).

### **Item 7 - Types of Clients**

SSNAI provides investment advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and corporations or business entities other than those listed above. SSNAI does not have requirements for opening or maintaining an account.

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

Investing in securities involves risk of loss that you should be prepared to bear. Risks associated with the strategies described below include:

- Capital risk – The risk that your investments may lose value.
- Currency risk – If the assets you invest in are held in another currency there is a risk that currency movements alone may affect the value.
- Financial risk – The risk that there may be a disruption in the internal financial affairs of the investment, thereby causing a loss of value.
- Market risk – The risk that the value of a security or portfolio will decrease due to the change in value of the overall market.
- Credit risk – The risk of loss arising from a borrower who does not make payments as promised.
- Interest rate risk – The risk that an interest-bearing asset, such as a bond, will lose value due to variability of interest rates. In general, as rates rise, the price of a fixed rate bond will fall, and vice versa.

Your IAR may use one or more of the following methods of analysis in formulating investment advice or managing assets:

- Fundamental – Analyzes individual investments in relation to expectations regarding the market and international and national economic indicators, such as GDP growth rates, inflation, interest rates, exchange rates, productivity, and energy prices.
- Technical – Analyzes past market data trends, primarily price and volume, in an attempt to forecast the direction of securities prices.
- Cyclical – Analyzes past economic and market cycles in an attempt to forecast the direction of securities prices.
- Computer model – Software programs utilizing statistics and probability, calculus, and econometrics to produce trading signals for the purpose of timing portfolio re-allocations.

Your IAR may use one or more of the following investment strategies in managing your assets:

- Buy and hold (passive management) - A long term investment strategy based on the view that in the long run financial markets give a good rate of return despite periods of volatility or decline. This viewpoint also holds that short-term market timing, i.e. the concept that one can enter the market on the lows and sell on the highs, does not work so it is better to simply buy and hold.
- Market timing (active management) - A strategy of making buy or sell decisions of financial assets by attempting to predict future market price movements. The prediction may be based on an outlook of market or economic conditions resulting from technical or fundamental analysis. This is an investment strategy based on the outlook for an aggregate market, rather than for a particular financial asset.
- Momentum investing (active management) – A strategy of buying securities that have had high returns over a specific historical time period (ex. the twelve months) and selling those that have had poor returns over the same period.
- Strategic asset allocation - A strategy that involves the establishment of a long-term target allocation in major asset classes such as stocks, bonds, and cash based on portfolio objective, risk tolerance, and time horizon.
- Tactical asset allocation – A strategy that attempts to overweight those asset classes that are expected to outperform on a relative basis and underweight those expected to underperform. Financial and economic variables (“signals”) are used to predict performance and assign relative short-term asset-class weightings.

The strategies described above may utilize a combination of long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), or options contracts (non-discretionary only and limited to purchases of put options where the account is long the underlying security & writing covered calls). Frequent trading in your account can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Investment strategies and recommendations may be based upon consideration of any of the following:

- a. Diversification – for the purpose of balancing risk while maintaining the possibility of gain; or,
- b. Risk Factors – including the risk of capital loss (market risk) and the risk of loss of purchasing power (inflation risk), and the client’s understanding of, and financial ability to bear, such risks; or,
- c. Asset Balance – taking into consideration short and long-term liquidity needs, blending of lesser and greater risk approaches, and combining income, growth, and safety concepts; or,
- d. Discipline – emphasizing commitment and follow through over a reasonable period of time in order to permit the investment plan or recommendations to achieve the intended/pursued result; or,
- e. Income Tax Considerations, but these should not replace the economic benefits as the principal determinant of investment decisions.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SSNAI or the integrity of SSNAI’s management.

In March 2019, SSNAI received a final resolution with the SEC, in which the SEC entered an order, *In the Matter of SSN Advisory, Inc.* Investment Advisers Act Rel. No. 5128 (Mar. 11, 2019), instituting administrative and cease and desist proceedings, pursuant to sections 203(e) and 203(k) of the Investment Advisers Act of 1940, making findings, and imposing remedial sanctions and cease-and-desist order (the “Order”). SSNAI consented to the entry of the Order, but neither admitted nor denied the SEC’s findings in the Order.

**Summary of Order:** These proceedings arise out of breaches of fiduciary duty and inadequate disclosures by registered investment adviser SSN Advisory, Inc. in connection with its mutual fund share class selection practices and the fees its affiliated broker and its associated persons received pursuant to Rule 12b-1 under the Investment Company Act of 1940 (“12b-1 fees”). At times during the period January 1, 2014 to March 11, 2015 (the “Relevant Period”), SSNAI purchased, recommended, or held for advisory clients mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes of the same funds for which the clients were eligible. SSNAI’s affiliated broker and its associated persons received 12b-1 fees in connection with these investments. SSNAI failed to disclose in its Form ADV or otherwise the

conflicts of interest related to (a) its receipt of 12b-1 fees, and/or (b) its selection of mutual fund share classes that pay such fees. During the Relevant Period, SSNAI's affiliated broker and its associated persons received 12b-1 fees for advising clients to invest in or hold such mutual fund share classes. SSNAI self-reported to the Commission the violations discussed in this Order pursuant to the SEC Division of Enforcement's (the "Division") Share Class Selection Disclosure Initiative ("SCSD Initiative"). Accordingly, this Order and SSNAI's Offer of Settlement are based on the information self-reported by SSNAI.

The Order states that SSNAI willfully violated Section 206(2) and 207 of the Investment Advisers Act of 1940 (the "Advisors Act"), and requires that SSNAI shall cease and desist from committing or causing any violations and future violations of those sections of the Advisers Act. The Order also censures SSNAI and SSNAI has agreed to complete various undertakings, which are specified in the Order. The Order also requires that SSN Advisory, Inc. shall pay affected investors, totaling \$1,666,950.18 as follows: SSNAI shall pay disgorgement of \$1,467,086.67 and prejudgment interest of \$199,863.51 consistent with the provisions for distributing those funds in the Order. SSNAI acknowledges that the Commission is not imposing a civil penalty based upon SSNAI's self-report in the SCSD Initiative.

In March 2015 SSNAI, and our affiliated broker dealer firm SSN, entered into a Consent Order from the State of Missouri. From January 2010 through December 2011 an Investment Advisory Representative/Agent ("IAR") of SSNAI and our affiliated broker dealer firm SSN utilized a market timing strategy for 18 client accounts. The strategy involved two inverse ETF transactions (non-leveraged) and the State of Missouri has alleged that the strategy was not suitable for clients with a moderate risk tolerance. The State further alleges that the Firm failed to supervise the IARs activity. SSNAI and SSN agreed to a Consent Order whereby \$500,000 was paid in restitution, \$35,000 was paid to the State's Investor Education and Protection Fund and \$15,000 was paid for investigative costs.

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

The principal business of SSNAI is the provision of advisory services. SSNAI is owned by SSN, a FINRA member introducing broker-dealer firm. SSN is a wholly-owned subsidiary of Advisor Group Holdings, Inc. (AGHI). SSNAI's executive officers are registered representatives SSN.

### **Corporate Structure**

SSN Advisory, Inc. (SSNAI) is a wholly owned subsidiary of Securities Service Network, LLC (SSNI). SSN is a wholly owned subsidiary of Advisor Group Holdings, Inc. (AGHI), which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners, LLC. The consortium of investors includes RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P. and The Berlinski Family 2016 Trust.

### **Other Industry Affiliates**

SSNAI has the following affiliates, which are wholly owned subsidiaries of Advisor Group Holdings, Inc.

Securities America Financial Corporation (SAFC) Holding Company	100% owned by AGHI
Securities America, Inc. (SAI) Broker/Dealer	100% owned by SAFC
Arbor Point Advisors, LLC (APA) Registered Investment Advisor	Majority owned SAFC
Ladenburg Thalmann Asset Management (LTAM) Registered Investment Advisor	100% owned by AGHI
Ladenburg Thalmann & Co., Inc. (LTCO) Broker/Dealer	100% owned by AGHI
Ladenburg Capital Agency Inc.	100% owned by AGHI

Insurance Company	
Triad Advisors, LLC Registered Investment Advisor, Broker/Dealer & Insurance	100% owned by AGHI
Triad Hybrid Solutions, LLC Registered Investment Advisor	100% owned by AGHI
Highland Capital Brokerage Insurance Company	100% owned by AGHI
Premier Trust, Inc. Trust Company	100% owned by AGHI
KMS Financial Services, Inc. Registered Investment Advisor & Broker/Dealer	100% owned by AGHI
Securities Services Network, LLC Broker/Dealer	100% owned by AGHI
Valor Insurance Agency, Inc. Insurance Company	100% Owned by AGHI

SSNAI also has related persons who are under common control with it. SSNAI's affiliates named above and your advisory representative cannot conduct or recommend business through these related persons, so these relationships do not create a material conflict of interest. The following chart details the related persons, which are wholly owned subsidiaries of Advisor Group, Inc. (AGI), which is a wholly owned subsidiary of Advisor Group Holdings, Inc.

Advisor Group, Inc. (AGI) Holding Company	100% owned by AGHI
Royal Alliance Associates, Inc. (RAA) Registered Investment Advisor, Broker/Dealer	100% owned by AGI
Financial Service Corporation (FS Corp) Holding Company	100% owned by AGI
FSC Securities, Corporation (FSC) Registered Investment Advisor, Broker/Dealer	100% owned by FS Corp
SagePoint Financial Inc (SPF). Registered Investment Advisor, Broker/Dealer	100% owned by AGI
Woodbury Financial Services, Inc (WFS). Registered Investment Advisor, Broker/Dealer	100% owned by AGI
Vision2020 Wealth Management Corp. Registered Investment Advisor	100% owned by AGI

Ladenburg Thalmann Asset Management, Triad Hybrid Solutions, LLC, Triad Advisors, LLC, KMS Financial Services, Inc., Securities America Advisors, Inc., are SEC registered investment advisors and are wholly-owned subsidiaries of Advisor Group Holdings, Inc.. Ladenburg Thalmann Alternative Inc. is also an investment advisor but is exempt from registration due to its limited regulatory assets under management. We are also affiliated with Ladenburg Thalmann & Co., Inc., Securities America, Inc., Triad Advisors, LLC., KMS Financial Services, Inc. and Securities Services Network, LLC, which are registered full-service broker/dealers. Triad Advisors, LLC is also a licensed insurance entity, as are Ladenburg Capital Agency, Inc., Highland Capital Brokerage and Valor Insurance Agency, Inc.

Due to the interrelationship of these entities, conflicts of interest can arise that are not readily apparent to the client. In the course of its business operations, through Ladenburg Thalmann Financial Services, Advisors can engage in marketing re-allowance or sponsorship arrangements with third parties, sub-advisors and brokerage firms to promote the distribution of investment products. These investment products can include variable annuity and insurance products, mutual funds, managed accounts and customized portfolios.

SSNAI investment advisor representatives can receive compensation for directing clients to products or services of affiliated AGHI companies. AGHI can receive earnings from the internal fees of the recommended securities as well as earnings from a portion of the investment advisory fee received by our firm. Therefore, a potential conflict of interest can exist when representatives recommend these products. To address these potential conflicts of interest, SSNAI has policies and procedures in place to ensure any investment products recommended are suitable for clients, are in clients' best interests and are selected to help meet clients' financial goals and objectives.

Representatives sell mutual fund, unit investment trust, collective investment trust and insurance products offered by subsidiaries of AGHI. Therefore, a potential conflict of interest exists when representatives recommend these products because the broker/dealer stands to receive earnings from the internal fees of the recommended securities as well as earnings from a portion of the investment advisory fee received by our firm. Representatives are not under any obligation to sell these products or to meet any selling quotas related specifically to these products. Refer to Item 10 *Other Financial Industry Activities and Affiliations*; we encourage you to review this ADV closely and discuss any conflicts of interest with your representative.

Your representative can recommend Premier Trust to provide trust and administrative services. Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

Your investment advisor can refer you to Ladenburg, Thalmann & Co. for investment banking services and receive a finder's fee if he or she is also a registered representative of SSN.

#### *Ladenburg Thalmann High Income Portfolio (UIT)*

LTAM provides a recommended list of securities to First Trust Portfolios, L.P. (First Trust), the sponsor of the Ladenburg Thalmann High Income Portfolio (UIT). The UIT's objective emphasizes income generation through non-traditional yield sources such as Real Estate Investment Trusts (REITs), Business Development Companies (BDC), and Master Limited Partnerships (MLPs). The portfolio is made up of individual securities, closed end funds, exchange traded funds (ETFs) and or BDCs.

SSN will receive a portion of a dealer concession or agency commission in connection with units of the Ladenburg Thalmann High Income Portfolio UIT that are sold by your IAR, if those units are subject to a sales charge. A higher concession percentage will be received if certain total sales levels of the UIT are met, as set forth in the UIT prospectus. Although, SSN will not receive a concession on the sale of UIT units to SSNAI advisory accounts because the sales are not subject to a sales charge, units sold to advisory accounts will count towards these sales levels. Thus, SSNAI has a conflict of interest in recommending sales of the UIT.

For a license to use the Ladenburg name and for providing a list of securities, LTAM receives a licensing fee of .10% which is based on assets raised within Ladenburg Thalmann High Income Portfolio (UIT) during the offering period.

#### *The Ladenburg Total Portfolio Series (Collective Investment Trusts)*

LTAM is the investment adviser to The Ladenburg Thalmann Total Portfolio Series which is a series of Collective Investment Trusts ("CITs"). The CITs are a series of 5 portfolios established for qualified retirement plans, such as 401(k) plans and Profit Sharing Plans. The portfolios are generally comprised of Exchange Traded Funds ("ETF") which closely

mimic LTAM's traditional LAMP ETF models. The CITs are maintained by a bank trust, and are offered in 2 share classes, Advisory or Investor.

The CITs may not be utilized if your IAR is acting in an ERISA fiduciary capacity.

Your IAR may recommend Premier Trust to provide trust and administrative services. Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

LTCO acts as a dealer with respect to certain securities, and as such, may execute transactions for SSNAI clients as principal. As a dealer, LTCO may receive a "mark-up", "mark-down", and/or spread in the net price at which principal transactions are executed. This compensation is in addition to other compensation that client pays to SSNAI and its affiliates. Thus, SSNAI will address this conflict of interest in the following ways: After receiving disclosures about a specific principal transaction with LTCO, clients have the opportunity to reject the transaction before it is completed, to the extent required by applicable law. In addition, SSNAI has policies and procedures in place to assure that clients receive best execution with respect to principal trades, regardless of whether the trade is executed by LTCO or an unaffiliated dealer.

#### Bank Deposit Sweep Program

The Bank Deposit Sweep Program (Program) is the core account investment vehicle used to settle transactions and hold cash balances waiting to be reinvested for all eligible accounts except advisory IRAs. The cash balance in an eligible brokerage account is automatically deposited or "swept" into the Program, which uses an insured bank deposit account. This means that eligible deposits held at the bank cannot lose principal or interest (up to the FDIC maximum). Your representative can assist you in determining whether your account is eligible for the Program.

If you are eligible for the Program and you open an account, you authorize SSNAI to establish the Program as your core account investment vehicle. If your account is not eligible for the Program, we provide you with access to other core account investment vehicles, including money market funds, to hold a cash balance waiting to be reinvested. Money market funds can lose value and have done so in the past. Different core account investment vehicles can have different rates of return and different terms and conditions such as FDIC insurance or SIPC (Securities Investor Protection Corporation) protection. For more information on FDIC insurance, please consult [www.FDIC.gov](http://www.FDIC.gov).

Available cash in your account is deposited through the Program into interest-bearing deposit accounts at one or more FDIC-insured depository institutions (Program Banks). The list of Program Banks and current interest rates for Program deposits are available from your representative or on the Investors section of the Securities Service Network's website.

Disclosure of conflict of interests regarding the program. The Program can create financial benefits for our firm, our affiliates, National Financial Services and Pershing. Our firm will receive a fee from each Program Bank in connection with the respective programs. We will also pay a fee to National Financial Services and Pershing. The revenue generated by us can be greater than revenues generated by sweep options at other brokerage firms. It can also be greater than other core account investment vehicles currently available to you or possible core account investment vehicles we have used in the past or may consider using in the future.

If your account is otherwise eligible but you do not wish to use the Program as its core investment vehicle, we generally will not be able to maintain your account. You are not obligated to use any of our managed accounts and can select a managed account at another broker/dealer where similar programs may not exist. However, you would lose the benefit of having your account managed by your representative and SSNAI.

The maximum amount of FDIC insurance coverage for your deposits in the Program is up to \$1.5 million (for an individual account) or up to \$3 million (for a joint account). Funds deposited through the Program are not eligible for SIPC coverage. Any deposits you maintain in the same insurable capacity, outside of the Program but with a Program Bank, are aggregated with your Program deposits for purposes of determining the maximum applicable FDIC deposit insurance. You are responsible for monitoring the total amount of your deposits with each Program Bank to determine the extent of FDIC



deposit insurance coverage available to you. If you are eligible to participate in the Program, you can expect to receive the Program disclosure document when you establish your account, and we encourage you to review it carefully.

#### Advisory IRA Accounts

The core account investment vehicle offered for advisory IRA accounts custodied at National Financial Services and/or Pershing is the Insured Cash Account Program, an FDIC-insured program. If your account is eligible for the Insured Cash Account Program, you authorize SSNAI to establish this Program as your core account investment vehicle. If your account is not eligible for the Insured Cash Account Program, we provide you with access to other core account investment vehicles, including money market funds, to hold a cash balance waiting to be reinvested. Money market funds can lose value and have done so in the past. Each month, a level administrative fee is applied to advisory IRAs using the Insured Cash Account Program as the core account investment vehicle for administrative services performed in operating the program. The level account fee is predetermined by formula, as stated in the Insured Cash Account Program Disclosure Document, and we cannot earn income in excess of the stated level account fee. The aggregate interest generated by banks participating in the Insured Cash Account Program is used to pay the level account fee for each individual client and to pay any third-party vendor fees. All interest left over after these payments is then credited to client accounts in the program.

A detailed explanation of the method for calculating interest and fees is available in the Insured Cash Account Program Disclosure Documents, on the Investors section of the Securities Service Network website.

<http://www.ssnetwork.com/disclosures/bank-deposit-sweep-program/>

If your account is otherwise eligible but you do not wish to use the Insured Cash Account Program as its core investment vehicle, we will not be able to maintain your account. You are not obligated to use any of our managed accounts and can select a managed account at another broker/dealer where similar programs may not exist. However, you would lose the benefit of having your account managed by your representative and SSNAI.

The maximum amount of FDIC insurance coverage for your deposits in the Insured Cash Account Program is up to \$1.5 million (for an individual account) or up to \$3 million (for a joint account). Funds deposited through the Insured Cash Account Program are not eligible for SIPC coverage. Any deposits you maintain in the same insurable capacity, outside of the Insured Cash Account Program but with a Program Bank, are aggregated with your Insured Cash Account Program deposits for purposes of determining the maximum applicable FDIC deposit insurance. You are responsible for monitoring the total amount of your deposits with each Program Bank to determine the extent of FDIC deposit insurance coverage available to you. If you are eligible to participate in the Insured Cash Account Program, you can expect to receive the disclosure document when you establish your account, and we encourage you to review it carefully.

#### Conflicts Disclosures

LTCO may share a portion of payments received from a mutual fund, UIT, CIT, or in connection with an initial public offering, a secondary offering, and/or a private placement with your IAR. If available, your IAR will also receive compensation, such as 12(b)-1 or services fees, in connection with the sale of funds or investments, including the Alternative Strategies Fund, Boyar Fund, Ladenburg Total Portfolio Series CITs, and Ladenburg High Income Portfolio UIT. Therefore, your IAR has an incentive to recommend implementing the recommendations made through the consulting services through LTCO. This conflict of interest is heightened when your IAR recommends securities where LTCO acts as underwriter because your IAR typically receives more compensation in connection with these securities than in connection with other types of securities. Your IAR may also have a heightened conflict of interest when recommending funds, CITs, and UITs that pay compensation, including the Alternative Strategies Fund, Boyar Value Fund, the Ladenburg Total Portfolio Series (CIT), or Ladenburg Thalmann High Income Portfolio UIT.

SSN typically receives compensation in connection with cash held in advisory accounts. For most accounts, the Bank Deposit Sweep Program (the "BDSP") is the only vehicle available for cash balances (from deposits to the account, securities transactions, dividend and interest payments and other activities) in the account. Certain retirement accounts may be offered other sweep vehicles, such as a money market fund. SSN will receive a fee in connection with

the BDSP based on the value of the cash in the program. This fee will reduce the amount of interest that clients receive in connection with cash held in their accounts. Your financial consultant will not receive any portion of the BDSP fee received by SSN.

SSN owns and operates a full-service insurance agency under the name of Network Agency, Inc. SSN also has a number of state specific insurance corporations that conduct insurance business across the country; Network Agency of Alabama, Network Agency of Ohio, SSN Agency Inc. and SSN Agency of Texas, Inc., Other affiliated entities are Renaissance Capital Corporation, which purchases equipment that is leased to SSN/SSNAI.

SSNAI, its IARs, or SSN may receive administrative, investment advisory or other fees for providing support services, administrative support and/or client referrals to other investment advisory firms. If applicable, these arrangements are fully disclosed to you.

*Compensation and Reimbursement of Expenses to Ladenburg Thalmann and Representatives*

Ladenburg Thalmann Financial Services Inc. and its affiliates, which include Ladenburg Thalmann & Co. Inc., Securities America, Inc., Triad Advisors, Inc., Securities Service Network, LLC, and KMS Financial Services, Inc., (together "Ladenburg Thalmann"), and their representatives receive revenue on the products and services you purchase from several sources.<sup>1</sup> These sources include fees and charges you pay and other arrangements we have in place with affiliated and non-affiliated entities including: sales charges; commissions; periodic fees; periodic expenses paid from product assets such as 12b-1 fees from mutual funds and the funds available in variable annuities; financial planning and advisory service fees; a portion of the organization and offering fees and expenses for REITs, limited partnerships and other nonpublic securities offerings.

Ladenburg Thalmann receives compensation from mutual funds and variable product sponsors available to you through our representatives. These payments will include:

- sales charges (sometimes called loads); and
- trailing commissions (including service fees known as 12b-1 payments).

We will also receive additional payments called revenue sharing payments and/or marketing allowances from certain product sponsors under special agreements with those firms, called "Strategic Partners." Additional details concerning the Strategic Partners Program and Non-Publicly Traded Products are set forth below. We also maintain revenue and marketing allowance payment programs involving certain Real Estate Investment Trusts (commonly referred to as REITs). Representatives of product sponsors, often referred to as "wholesalers," work with Ladenburg Thalmann and its representatives to promote their products. These product sponsors are generally granted access to our representatives to promote their products. Consistent with rules set out by FINRA, these wholesalers and/or their firms will pay.

Ladenburg Thalmann for training or education of our representatives. Product sponsors will also make payments to Ladenburg Thalmann to promote the marketing of their products to clients which includes seminars for clients and potential clients. These firms will also invite representatives to due diligence or continuing education meetings regarding their products. From time to time Ladenburg Thalmann will also allow its representatives to attend off-site training sessions that will be sponsored or co-sponsored by these product sponsors. Ladenburg Thalmann prohibits the promotion of any product, including those issued by fund families, insurance carriers, or sponsors, over another based solely on additional payments or other considerations that might be received from the sale or marketing of their products. Representatives are required to make recommendations to clients based on the clients' needs and objectives; however, receipt of such reimbursements could create an incentive by your representative to recommend products that provide such payments. We encourage you to talk with your representative about any fees or compensation they receive from the sale of investment products.

SSNAI and its parent company, Securities Service Network, LLC can issue payments in the form of, bonuses, enhanced pay-outs, forgivable loans and/or business transition loans to representatives that can be forgivable based on years of service or extent of production with SSN. This practice can create a conflict of interest because the representative can have a financial incentive to continue to affiliate with SSN or maintain certain levels of production with SSN in-order for the loan to be forgiven. However, to the extent that your representative recommends that you use SSN for certain products or brokerage services, it is because we believe that it is in your 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 SSN. Additional detailed information is available on your representative's Part 2B under conflicts of interest. Please consult with your representative if you have questions regarding this issue.

SSN may receive reimbursement from its clearing firms, which include National Financial Services, LLC ("NFS") and Pershing LLC ("Pershing"), for all or a portion of any transfer of asset fees which customers could incur from other clearing providers upon the transfer of accounts to a SSN account carried by NFS or Pershing. If SSN receives this type of reimbursement, SSN may retain all or a portion of such reimbursements or, at its discretion, may pass through all or a portion of such reimbursement to its clients and/or its representatives.

Ladenburg Thalmann and its Affiliates are also affiliated with SEC registered investment advisory firms, which include Ladenburg Thalmann Asset Management Inc., Securities America Advisors, Inc., Arbor Point Advisors, LLC, Triad Advisors, Inc., Triad Hybrid Solutions, LLC, SSN Advisory, Inc. and KMS Financial Services, Inc., (together "Ladenburg Thalmann Advisors"). Ladenburg Thalmann Advisors has also created the Strategic Partners Program for independent investment advisors. Investment advisors are selected to participate based on several criteria including, investment strategy, investment performance, transaction reporting capabilities and training and wholesaling support. In exchange for certain benefits, such as an opportunity to participate in Ladenburg Thalmann's national conferences and broader access to our representatives, investment advisors in the Strategic Partners Program pay to participate in the program by sharing with Ladenburg Thalmann Advisors a portion of the revenue generated by distributing their products and services and or paying a specified annual dollar amount.

Ladenburg Thalmann Advisors representatives may receive reimbursements, marketing and distribution allowances, due diligence fees, or other compensation based on deposits and/or assets under management directly from third-party asset manager program sponsors for the costs of marketing, distribution, business and client development, educational enhancement, and/or due diligence reviews incurred by Ladenburg Thalmann Advisors and/or Ladenburg Thalmann Advisors representatives relating to the promotion or distribution of the program sponsor's products or services.

Ladenburg Thalmann Advisors Strategic Partners pay a flat annual fee. In addition to a flat fee, which may be up to \$150,000 per year, Strategic Partners pay basis points on sales on assets, or a percentage of the Partner's net advisory fee derived from assets invested through their models. It is important to understand that none of the payments made by the firms participating in the program are paid or directed to any representative who utilizes the services of these investment advisors.

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

Pursuant to SEC Rule 204A-1, SSNAI has adopted a Code of Ethics for all access persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the

personal securities transactions, trading, confidentiality and privacy, prohibition on insider trading, conflicts of interest, outside affiliations, and fair compensation, among other things. All supervised persons at SSNAI must acknowledge the terms of the Code of Ethics. The firm will provide a copy of our Code of Ethics to any client or prospective client upon request.

SSNAI does not engage in principal transactions as an investment advisor. SSN, as a broker-dealer, may engage in such transactions, however, not for any SSNAI investment advisor account transaction.

SSNAI, as an investment advisor, does not affect transactions for compensation for any investment advisor clients. SSN

may do so in its capacity as a broker-dealer. SSN will receive transaction costs and charges assessed to the investment advisor clients.

SSNAI does not affect agency cross transactions for any investment advisor clients. SSN may do so in its capacity as a broker-dealer.

SSNAI does not recommend securities or investment products to its investment advisor clients in which SSNAI has a financial interest other than fully disclosed commissions or referral fees. SSN may do so in its separate capacity as a broker-dealer.

SSNAI will receive a portion of the management and administrative fees charged by the third-party investment advisors. In the event that an IAR is to receive commission revenues from clients in connection with investments purchased in advisory or managed accounts, such commissions shall be “fully disclosed” by the IAR, and/or product prospectus and/or through the distribution of the trade confirmation statement.

SSNAI or individuals associated with SSNAI may buy or sell securities identical to those recommended to customers for their personal accounts. All such orders placed on the same day must be placed in the customers’ account prior to being placed in the IAR’s account. Additionally, any related person(s) may have an interest or position in certain securities that may also be recommended to a client. As such, transactions are likely to be statistically insignificant in relation to the market as a whole.

SSNAI does not permit the aggregate blocking of personal securities transactions with those of advisory clients.

As these situations may represent a conflict of interest, SSNAI has established the following restrictions in order to comply with its fiduciary responsibilities:

- a. A director, officer or employee of SSNAI shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public upon reasonable inquiry. No director, officer or employee of SSNAI shall prefer his or her own interest to that of the advisory client.
- b. SSNAI maintains a record of securities holdings via account statements for itself, and anyone associated with its advisory practice with access to advisory recommendations. An appropriate officer or manager of SSNAI reviews these statements on a regular basis.
- c. SSNAI emphasizes the unrestricted right of the client to decline to implement any investment advice rendered, except in situations where SSNAI is granted discretionary authority over the client’s account.
- d. SSNAI requires that all directors, officers and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- e. Any director, officer or employee of SSNAI found to have failed to observe the above-listed principles may be subject to internal disciplinary sanctions, which may include termination.

## **Item 12 – Brokerage Practices**

SSN is a fully disclosed introducing broker-dealer. Accounts are carried by National Financial Services, LLC, Member NYSE/SIPC (“NFS”), located at PO Box 77001, Cincinnati, OH 45277 and Pershing, LLC (“Pershing”), located at PO Box 2054, Jersey City, NJ 07303. Some SSNAI advisory accounts may be carried by Fidelity Institutional Wealth Services (“FIWS”), located at 200 Seaport Blvd, Z2B1, Boston, MA 02210, a wholly owned subsidiary of the Fidelity Investments Group of companies.

If you are in need of brokerage and/or custodial services you will have SSN, in its capacity as a broker-dealer, recommended to you. Although you are not required to select SSN, or one of the approved clearing broker-dealers, for execution and custodial services, SSNAI will not be able to allow you to participate in its investment advisory services if you select another broker-dealer. Not all advisory firms require their clients to direct brokerage to a specified broker-dealer. SSNAI does not have discretion to select the broker-dealer to use for transactions or to

negotiate transaction costs.

Due to the nature of SSNAI's business needs, SSNAI's advisory practice does not include negotiating commissions with broker-dealers or obtaining volume discounts. To improve the quality of execution, your IAR may aggregate your transactions with other orders for his or her clients. Allocations of aggregated orders are made under procedures designed to treat all clients fairly. Aggregation of transactions typically occurs only when an IAR is executing a transaction in the same investment in multiple client accounts. If transactions are not aggregated, this may result in higher costs to you than if transactions are aggregated.

The investment advisory services provided by SSNAI may cost you more or less than purchasing similar services separately. You should consider whether or not the appointment of SSN (or an approved clearing broker-dealer) as the sole broker-dealer may or may not result in certain costs or disadvantages to you as a result of possibly less favorable executions. Factors to consider include the type and size of the account, the securities to be bought or sold and the your historical and/or expected size or number of trades.

The following practices present a conflict of interest and give SSNAI or your IAR an incentive to recommend a broker-dealer based on the compensation received, rather than on your needs.

*Accounts Carried by NFS and Pershing:*

- Transactions executed through SSN, in its broker-dealer capacity, as part of services enumerated herein, may be subject to SSN's then current transaction fee and commission schedule. If applicable, such commissions and fees will be "fully disclosed". SSN has the authority to negotiate transaction costs with NFS and Pershing.
- The default fund for your cash balances is a bank deposit sweep program that pays a fee to SSN; this may result in a lower return on your cash investments than if your cash were invested in a money market mutual fund that did not pay a fee. For more information on the bank deposit sweep program, please refer to Item 10 – Other Financial Industry Activities and Affiliations.
- Certain IARs have negotiated lower platform fees for their clients, with the result that those clients may receive similar service(s) at a lower cost than the clients of other IARs who have not negotiated lower rates. Your IAR may choose to pay broker-dealer ticket charges; however, you are always responsible for additional transaction charges. If your IAR does not pay ticket charges, this will result in higher overall cost to you.

*Accounts Carried by FIWS and TD Ameritrade:*

- Transactions executed through FIWS are subject to FIWS's current transaction fee schedule. If applicable, such fees will be "fully disclosed". SSN does not receive a portion of these transaction charges. Neither SSN nor SSNAI have the authority to negotiate transaction costs with FIWS.
- Neither SSN nor your IAR will receive 12b-1 fees, revenue sharing, or trail commissions ("Additional Compensation") from investment companies in connection with the placement of client funds into investment companies.

## **Item 13 – Review of Accounts**

*Encompass SMA Wrap Fee Program:* Clients participating in Encompass SMA will have their accounts reviewed on a periodic basis, but no less frequently than each calendar quarter by SSNAI, Sub-Advisor, or Solicitor. If Sub-advisor recommends changes to the Portfolios, such changes will be made to clients' accounts on a discretionary basis. Asset allocations and/or securities in the Portfolios may be adjusted or replaced at any time.

*Third-Party Managed Accounts:* IARs of SSNAI will review the services, reporting and account data provided by the approved third-party investment advisors to clients to ensure consistency with fair and ethical practices. Generally, quarterly and year-end reports will be prepared for each client by third-party investment advisors. These reports will not be prepared by SSNAI. The nature and frequency of the reports will vary depending upon the third-party advisor being utilized by the client. Clients should refer to the third-party investment advisor's Form ADV Part 2 for more information.

*All Other Investment Advisor Accounts:* IARs of SSNAI perform periodic reviews of client accounts. Each individual IAR is responsible for the review of all accounts they maintain. Reviews are performed no less than quarterly. Reviews are also performed when the client informs the IAR of substantial changes to their financial or tax status, investment objectives, risk tolerance or time horizons. Lastly, reviews may occur when fundamental market factors (e.g., inflation rates, interest rates, GDP, etc.) change in a material way.

Clients will be issued trade confirmations for all transactions, monthly account statements (for all months in which a change occurs in the account) and custodial statements.

Some IARs may generate account statements or performance reports for clients. All reports will include a notification urging the client to compare the account statements from the custodian with those from the IAR.

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

*SSNAI as Solicitor:* For information regarding client referrals and other compensation, please refer to Item 5 and Item 10.

*SSNAI's Use of Solicitors:* SSNAI may compensate outside professionals or firms, such as attorneys, accountants, or other broker/dealers and investment advisers, for referring your advisory business to SSNAI. These professionals or firms are known as Solicitors. SSNAI will pay a portion of the advisory fee you pay us to the Solicitor, typically for as long as you maintain an advisory relationship with us, to compensate the Solicitor for the referral. SSNAI will not charge a client who is referred to SSNAI by a Solicitor any amount for the cost of obtaining the client that is in addition to the fee normally charged by SSNAI for its investment advisory services. Such solicitation arrangements are disclosed to clients at the time of the solicitation via execution of a Solicitor Disclosure Statement or similar document that outlines the nature and amount of the compensation we pay to the Solicitor and whether or not the Solicitor is affiliated with or related to SSNAI. Solicitors are required to provide prospective clients with a current copy of SSNAI's Form ADV Part 2 no later than the date on which the client enters into an advisory relationship with SSNAI.

## **Item 15 – Custody**

SSNAI may deduct advisory fees directly from clients' accounts in accord with the language specified in the client agreement. Fees may be deducted in advance or arrears as specified in the agreement. More information on advisory fees is provided in Item 5 of this document. The investment industry regulations consider advisors who have the ability to deduct fees from an advisory account as a form of custody.

Deduction of advisory fees will be made by the qualified custodian holding your funds and securities. Further, the qualified custodian agrees to deliver a monthly or quarterly account statement directly to you, and never through SSNAI, showing all disbursements from the account. You are encouraged to review all account statements for accuracy. SSNAI will form a reasonable belief that such statements are delivered to you. You may terminate authorization for automatic fee deduction of advisory fees by notifying your IAR in writing. In turn, your IAR will notify the SSNAI home office promptly.

Some IARs may generate account statements or performance reports for clients. You are urged to compare the account statements from the custodian with those from the IAR.

Additionally, SSNAI is deemed to have custody by accepting asset transfer authorization documents that provide SSNAI with the ability to transfer assets to or from accounts. These authorizations are often provided by clients in conjunction with requests to set up automated transfer instructions through documents called Standing Letters of Authorizations (SLOAs). SSNAI and the IAR will use best efforts to transfer assets as instructed and as intended by the client. At no time will SSNAI or the IAR take possession of client assets intentionally. However, by following these standing instructions, the investment industry has indicated that SSNAI or the IAR is likely to have the potential to take custody of client funds. As such, this "inadvertent custody" needs to be disclosed as a potential harm that could allow SSNAI or the IAR to have asset transfer authority access to your advisory accounts. Having access to transfer assets to or from an account lends to the potential for misuse or misappropriation and as such SSNAI and the IAR have

restrictions from inappropriately accessing or transferring customer funds. Our intention is to only use the transfer authority granted to SSNAI or the IAR to benefit the client's requested intentions.

You should immediately inform us of any discrepancy noted between the qualified custodian records and the reports you receive from us. Discrepancies may occur because of reporting dates, accrual methods of interest and dividends and other factors. The custodial statements you receive on a monthly and/or quarterly basis are from a qualified custodial company that is operationally independent of SSNAI or the IAR and serve as the official record of your accounts maintained with the qualified custodian for tax purposes.

### **Item 16 – Investment Discretion**

*Third-Party Managed Accounts:* Neither SSNAI nor any related person has the authority to determine, without first obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, or the broker-dealer to be used for the purchase or sale of securities. Instead, these decisions shall be made according to the terms of the investment advisory agreement executed by you and your chosen third-party investment advisor. Your chosen third-party advisor may have discretionary authority in your account. You should refer to the third-party investment advisor's Form ADV Part 2 for more information.

*All Other Investment Advisor Accounts:* If you choose to grant your IAR discretionary authority on your account, discretion will be granted in writing on the Client Advisory Services Agreement. Authority applies to initial purchases and sales, subsequent purchases and sales, re-balancing and reallocation of securities in your account. Discretionary accounts will only be approved for non-commission generating accounts. However, trail fees or 12(b)(1) fees on these discretionary accounts may be paid to SSN and your IAR in his/her capacity as a registered representative.

You have the right to restrict this discretionary authority provided to SSNAI. If applicable, limitations are included in the initial written authority. You may amend any limitation as necessary. SSNAI requires that all amendments be submitted in writing. Changes are effective once they are received and accepted by SSNAI.

### **Item 17 – Voting Client Securities**

SSNAI does not vote on behalf of client securities.

### **Item 18 – Financial Information**

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