

Securities America Advisors, Inc. Managed Opportunities Program Wrap Fee Program Brochure

(Part 2A Appendix 1 of Form ADV)

This Brochure provides information about the investment advisory services of Securities America Advisors, Inc. If you have any questions about the contents of this brochure, contact us at 800-747-6111. This Brochure has not been reviewed or approved by the U.S. Securities & Exchange Commission, any state regulatory agency or self-regulatory organization.

Additional information about Securities America Advisors, Inc. is available on the SEC's website at www.adviserinfo.sec.gov. Registration as a registered investment advisor does not imply a certain level of skill or training.

December 18, 2020



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ITEM 2. SUMMARY OF MATERIAL CHANGES

Securities America Advisors, Inc. filed its last annual amendment to its Form ADV Part 2A Brochure and this Wrap Fee Program Brochure on March 30, 2020. Since then the following changes have occurred:

- There have been changes to the indirect owners of Securities America Advisors, Inc. (SAA) that are disclosed in Item 4 and Item 10. SAA's direct owner, Securities America Financial Corporation, is now owned by Advisor Group Holdings, Inc.
- The following changes have occurred in the Managed Opportunities Program:
 - Item 5 – Fees and Compensation: Arrears billing options are now available.
 - Item 10: Core Account Investment "Sweep" Vehicle material conflicts of interest disclosures were enhanced.
- Item 9 – Additional Information - Disciplinary Information: The disclosure of disciplinary action related to the sales of complex exchange-traded products was added.
- Item 4 – Services, Fees and Compensation: Disclosure was added to explain that for new accounts, the Firm no longer offers the option for the Advisory Representative to pay the underlying ticket charges.
- Item 4 – Services, Fees and Compensation: The Administrative Fee has been reduced for all Wrap Fee accounts opened after 12/18/2020.
- Item 4 – Services, Fees and Compensation: Detail was added around the changes to certain fees associated with your account that will be effective 2/15/2021.

Please carefully review this and all subsequent summaries of material changes as they will contain important information about any significant change to our advisory services, fee structure business practices, conflicts of interest and disciplinary history. Additional information about Securities America Advisors, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

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ITEM 4. SERVICES, FEES AND COMPENSATION

The Managed Opportunities Program ("Program") is sponsored by Securities America Advisors, Inc. ("SAA", the "Firm," "us" or "we" or "our"), an SEC-Registered Investment Adviser. Securities America Advisors, Inc. ("SAA") is registered as an investment advisor with the Securities and Exchange Commission ("SEC"), SEC File No. 801-45628, in order to offer investment advisory products and services to its advisory clients. Securities America, Inc. ("SAI"), SAA's broker/dealer affiliate, is registered with the Financial Industry Regulatory Authority ("FINRA") as a broker/dealer engaged in the offer and sale of securities products. Such advisory services are offered through certain Financial Advisors ("FAs") who have registered as Investment Advisor Representatives ("Advisory Representative" or "representative"). Registration does not imply a certain level of skill or training. SAA and SAI are wholly owned subsidiaries of Securities America Financial Corporation ("SAFC"). SAFC is also a majority owner of Arbor Point Advisors, LLC (APA). APA, an affiliate of SAA and SAI, is an investment advisor firm registered with the Securities and Exchange Commission (SEC). SAFC 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 2006 Trust.

Securities America, Inc. the broker-dealer, will henceforth be referred to as "SAI". Securities America Advisors, Inc. the Registered Investment Adviser, will henceforth be referred to as "we", "us", "our" or the "Firm". SAI, an independent broker-dealer, has built a strong reputation within the Financial Services Industry through its open-architecture model and commitment to technology and service.

The Program is presented to the client ("you") by Investment Adviser Representatives ("Advisory Representatives" or "Representatives") of SAA or an independent registered investment adviser firm (collectively "Advisor"). Please refer to the Advisor's Form ADV 2A to determine if your Advisor is SAA or an independent registered investment adviser firm.

You will enter into an investment advisory client agreement ("Client Agreement") with us and your Advisor and establish a brokerage account ("Program Account") on a fully disclosed basis with SAI. SAI is a Related Person to us and there are conflicts of interest that are further described herein and/or within the Form ADV 2A. Related Persons are defined as entities that we control or control us or are under common control with us.

We have a master agreement with Envestnet Asset Management ("Envestnet") which in turn has a separate agreement with each of the investment managers in the Program ("Third Party Managers"). Third Party Managers are also known as "sub-advisors" and are described as such in your Client Agreement. Certain investment managers available in the Program that provide asset allocation services in mutual funds and exchange traded funds ("ETFs") have agreements directly with us ("Strategists"). (Together the Third Party Managers and Strategists are referred to as "Investment Managers"). One or more Investment Managers have associated persons who are affiliated with a Broker-Dealer Related Person to us. In those instances, neither the Firm nor the Broker-Dealer Related Person earns additional compensation. When your Advisory Representative is one of these associated persons of the Investment Manager, it will be disclosed to you in the Advisor's Form ADV 2A.

Managed Opportunities Program

The Managed Opportunities Program allows you to establish an account using Advisor Managed Portfolios ("AMP"), Fund Strategist Portfolios ("FSP"), Separately Managed Account Portfolios ("SMA"), and Unified Managed Account Portfolios ("UMA").

Managed Opportunities provides comprehensive investment management of your assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services through Pershing, LLC ("Pershing") or National Financial Services, Inc. ("NFS").

For accounts held at NFS, a master brokerage account (master account) can be established at your request for the administrative purpose of holding and transferring assets. When it is necessary to liquidate positions to invest the proceeds into a Managed Opportunities portfolio, the liquidating transactions can occur in the master account.

Advisor Managed Portfolios ("AMP")

When using the AMP option within the Program, it begins with your Advisory Representative working with you to identify your investment goals and objectives as well as risk tolerance. Your Advisory Representative will then create an initial portfolio allocation designed to complement your financial situation and personal circumstances.

Your Advisory Representative has the option to allocate your portfolio amongst a mix of stocks, bonds, options, exchange-traded funds, mutual funds and other securities ("Program Investments") which are based on your investment goals, objectives, and risk tolerance. Your Advisory Representative has the option to recommend model portfolios, option trading and/or margin as part of the chosen strategy. Upon your agreement, this portfolio allocation will be managed in your Program Account.

The investment strategies utilized in the Program depend upon your investment objectives and goals as provided to your Advisory Representative. Portfolios are constructed along basic investment objective categories, however you and each client have the opportunity to place reasonable restrictions on the type of investments to be held in your Program Account.

Your Advisor will manage your account on a discretionary basis. We define discretionary management as the ability to trade your account, without obtaining your prior consent, the securities and amount of securities to be bought or sold, and the timing of the purchase or sale. It does not extend to the withdrawal or transfer of your account funds.

Fund Strategist ("FSP"), Separately Managed Account ("SMA"), and Unified Managed Account ("UMA") Portfolios

When using the FSP, SMA, or UMA options within the Program, you begin by discussing your financial goals and objectives with your Advisory Representative. Your Advisor will recommend an asset allocation model consisting of various asset classes such as equities, fixed income, cash and equivalents, or alternative investments. Your Advisory Representative selects appropriate Investment Managers and Funds to fulfill your asset allocation model consisting of:

- a) Investment Strategies created by third party money managers that are registered investment advisors (sometimes known as sub-advisors, but collectively referred to as "Investment Managers") or your Advisory Representative that generally consist of a selection of mutual funds, exchange traded products, equities, and bonds;
- b) Mutual funds and ETFs ("Funds");
- c) or a combination of the preceding bundled together in an investment asset allocation model (individually or collectively, "Program Investments").

Your Advisor will recommend Program Investments suitable for you. Suitability will be determined through your responses to a risk tolerance questionnaire ("Questionnaire") and/or discussion between you and your Advisory Representative regarding among other things, investment objective, risk tolerance, investment time horizon, Program Account restrictions, and overall financial situation.

Program Investments will be managed in one or a series of FSP, SMA or in a UMA as further described below, meaning your specific authorization is not required prior to selecting Program Investments or executing each transaction.

You can place reasonable restrictions on the investment held within your Program Account. Such restrictions can cause:

- a divergence in account performance from the Asset Allocation Model originally presented to you;
- a delay in the reporting of account performance, and
- a delay in the rebalancing of the portfolio funds within your account.

We make no representations regarding the future performance of any Program Investments. As always, past performance is not a guarantee of future results. There can be no assurance that any of your investment goals will be

met or that the net return on an investment in a portfolio of Program Investments will exceed what could have been obtained through other investment or savings strategies.

We, through a sub-agreement with Envestnet will:

- i. provide you and your Advisor with Program Investment research,
- ii. suggest asset allocation models and specific Program Investments to place within the recommended asset allocation models,
- iii. generate, on a quarterly basis, a report outlining your Program Investment performance,
- iv. calculate the monthly or quarterly advisory fee and instruct the Custodian to withdraw the fee from your Program Account,
- v. provide a web site and associated technology to assist your Advisory Representative with the selection of Program Investments and generation of the Investment Strategy Proposal and other associated documents,
- vi. direct the investment, reinvestment and periodic rebalancing of Program Investments in the Program Account, in accordance with the information and instructions provided by you and your Advisor and,
- vii. provide overlay account management to Program Accounts to coordinate trading activity, rebalancing, and optional tax management and socially responsible services.

One or more Investment Managers available for use in the FSP, SMA and UMA Portfolios are affiliated entities of SAA. Selecting, recommending or promoting the use of its affiliated entity is a conflict of interest for SAA due to the additional compensation received by such affiliate.

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

Description of Program Types

Program Investments are managed in one or a series of Fund Strategist Accounts, Separately Managed Accounts or in a Unified Managed Account as further described below. All program types are discretionary types of accounts, which means we, your Advisory Representative, the Investment Manager, and/or Envestnet, can make allocation changes, or trades without your prior approval. We, or your Advisory Representative, can change your asset allocation model, or Investment Managers without your prior approval based on your financial goals and investment objectives. All investment recommendations are made on a discretionary basis.

Fund Strategist Account Portfolios ("FSP")

Fund Strategist Portfolios Account ("FSP") is a professionally managed mutual fund and exchange-traded fund asset allocation model portfolio. The Investment Manager is responsible for selecting the mutual funds and/or ETFs within a portfolio and for making changes to the funds selected. Each Investment Manager strategy is assigned their own custodial account. We can terminate existing sub-advisor service agreements and enter into new sub-advisor agreements at our discretion. Your initial FSPs are described in your Investment Strategy Summary.

Separately Managed Account ("SMA")

An SMA consists of a portfolio of assets managed by a professional investment firm and offers direct ownership of securities. In an SMA each Investment Manager strategy is assigned their own custodial account. The SMA may also contain mutual funds and exchange-traded funds, generally used to compliment the Investment Managers strategies employed within the SMA. We can terminate existing sub-advisor

agreements and enter into new sub-advisor agreements at our discretion. Your initial SMA Portfolios are described in your Investment Strategy Summary.

Unified Managed Account (“UMA”)

A UMA is comprised of similar investment options offered in an FSP and SMA, in addition to investment strategies created by your Advisory Representative. Unlike the FSP and SMA, all Investment Manager strategies, Funds, and other Program Investments are held in a single custodial account. Based on your financial goals and investment objectives, your Advisory Representative, at his or her discretion, creates an asset allocation model. Your asset allocation model is assigned investment strategies created and managed by Investment Managers or your Advisory Representative. Overlay management is provided to coordinate the trading activities of UMA Investment Managers, rebalancing, and optional tax management and socially responsible services. Your initial UMA portfolios are described on your Investment Strategy Summary.

Trading

You grant discretion to us, your Advisory Representative, the Investment Manager, and/or Envestnet to purchase and sell securities without your prior consent according to your stated investment objectives.

We utilize Envestnet, an independent investment adviser, to execute the transactions on your behalf. Envestnet will use discretionary authority to execute securities transactions that are recommended by the Investment Managers and your Advisory Representative. Envestnet acts to coordinate FSP, SMA, and UMA trading activity including whether and how to implement trading instructions received from Investment Managers and/or your Advisory Representative. Your Advisory Representative does not exercise investment discretion over your assets allocated to Investment Managers.

Best Execution

In placing orders for purchase and sale of securities and directing brokers to effect these transactions, Envestnet seeks to obtain prompt execution of orders at the most favorable conditions. In doing so, Envestnet considers a number of factors, including, without limitation, the overall direct net economic result to the Client, the financial strength, reputation and stability of the broker, the efficiency with which the transaction is effected, the ability to effect the transaction at all, the availability of the broker to stand ready to execute possibly difficult transactions in the future and other factors involved in the receipt of brokerage services. In general, Envestnet routes trades directly to Pershing or NFS (as applicable).

“Step-out” Trades

Occasionally, in order to obtain best execution and minimize market impact, certain thinly traded securities, illiquid or ETF trades, for example, can be “stepped-out” in order to gain best execution and minimize market impact. In some instances, stepped-out trades are executed by the other firm without any additional commission or markup or markdown, but in other instances, the executing firm will impose a commission or a markup or markdown on the trade. If trades are placed with a firm that imposes a commission or equivalent fee on the trade, including a commission that is imbedded in the price of the security, the client will incur trading costs in addition to the fee you pay your Advisory Representative. It is important to know that you may pay a commission in addition to your advisory fee for those stepped-out trades. Envestnet has procedures in place to monitor these transactions. Envestnet’s Best Execution

Committee meets quarterly to review the results of the documented monitoring conducted during the quarter. We periodically review Envestnet's procedures and results may rely on a third party review as well.

Tax Management

You can elect to have the following tax-management services added to your Program Account.

- *Tax Sensitive Overlay*: Using predefined parameters, this service employs a rebalancing process that utilizes tax-aware portfolio management techniques that seek to better maximize expected after-tax returns on a risk-adjusted basis.
- *Tax Management Service*: Using more customizable parameters, this service seeks to control or customize the realization of large unrealized gains embedded in a Program Account.

Employing either of the above referenced services may:

- Limit the universe of Program Investments available for Program Account investment.
- Cause a divergence in Program Account performance if such services were not selected.
- Limit performance reporting capabilities.

SRI Screens

You can elect to apply a Socially Responsible Investing Screen ("SRI Screen") to your Program Account. The screen is designed to restrict the Program Account from purchasing Program Investments of companies associated with certain industries such as Tobacco, Firearms and Gaming.

Employing an SRI Screen limits the universe of Program Investments available for Program Account investment and cause a divergence in Program Account performance if such screens were not selected.

Fees and Compensation

General Fee Information

Managed Accounts and Brokerage Accounts

In a managed account, your representative provides ongoing advice relative to personalized investments owned by you and charges a fee for that advice. Advisory fees charged in our management programs are separate and distinct from fees and expenses (including, for example, service fees, interest charges and investment expenses) charged by the investment products recommended to you and held by you in your investment account (e.g., mutual funds, exchange traded funds and variable annuities). Descriptions of these fees and expenses are available in each investment prospectus.

The ongoing fee for investment management services can cost you more than if the assets were held in a traditional brokerage account. Types of investments, possible minimum investments, services provided, and account activity all impact the overall cost of managed accounts. For example, if you hold mostly mutual funds in your portfolio and utilize a buy and hold strategy, you will not incur extensive transaction costs and management services would likely be minimal. This could mean that having a brokerage account rather than a managed account is more cost effective.

In a brokerage account, you are charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold strategy for the account or do not wish to receive ongoing investment advice or management services, you should consider opening a brokerage account rather than an advisory account. The fees charged by us vary among our programs and our representatives. As noted above, fees charged in our managed programs can be more than the cost of purchasing the same services separately. Because other advisors offer their own programs and services, fees and expenses from recommended products may be less than you incur with an SAA account.

Representatives can charge advisory fees and/or receive solicitor's fees for advisory class products that do not pay upfront commissions or ongoing trails, such as institutional mutual fund share classes and advisory share class variable annuities (see discussions below).

While SAA (or an entity on its behalf) has designed reasonable controls to monitor for the accuracy of advisory fees, we encourage you to check the accuracy of your advisory fee billings.

Commissions, Transaction Costs and Other Charges

In addition to an asset-based advisory fee, you can incur brokerage commissions, transaction charges and other fees, including “ticket charges,” related to the purchase and sale of stocks, bonds and other securities. More specifically, stocks, bonds and other securities traded in advisory accounts can be subject to commissions, mark-ups and mark-downs. With respect to mark-ups and mark-downs, they are paid to market makers and neither SAA nor SAI receive any portion of the mark-ups or mark-downs.

Representatives will receive either an advisory fee or a commission but not both. Either the SAA representative will pay the commissions, transaction charges or other fees or you will pay those costs in addition to the management fee. However, commissions, transaction fees and other fees charged to you prior to the holdings being in an advisory account will not be waived or credited toward the investment management fee. Please contact your representative for more information about commissions and transaction charges.

Investment Assets

Annuities and Alternative Investments

Your representative can invest a portion of your assets in variable annuities or other investments and charge a management fee on these assets. Assets can also be invested in equity-indexed and fixed annuities, but these products are excluded from fee billing calculations. You will pay two levels of fees: an advisory fee paid directly to SAA and your representative and a management fee paid indirectly to the managers of the variable annuities or other investments. Your representative is able to manage variable annuity account(s) held by insurance company custodians even though those annuity accounts are not linked to an SAA advisory account. If annuity management service is provided, it is provided on a discretionary basis only and you can be subject to advisory fees. The underlying assets can be bought directly through the variable annuity company. You could generally avoid the second layer of advisory fees by making your own decisions regarding the variable annuity investment. However, in that case, you would not receive the investment management services provided by your representative.

SAA will not impose an asset-based advisory fee on variable annuities and unit investment trusts that were subject to an up-front load or sales charge and sold by a SAI representative at the time of purchase. Any variable annuity that had an asset-based advisory fee prior to June 9, 2017, can continue to be charged. Variable annuities that were purchased with an advisory share class (e.g., I shares) can be linked for the purpose of collecting a management fee and/or exercising discretion. Please consult with your representative if you have any questions regarding this policy.

In addition, SAA will exclude the value of any investment it designates as an “alternative investment product” from an asset-based advisory fee if you purchased it in a commission-based account through a SAI registered representative and then transferred it to an advisory account. (See discussion below regarding converting a commission account to an advisory account.) Alternative investments include, but are not limited to, venture capital, private equity, hedge fund, managed futures and real estate investment trust products. However, if an alternative investment product was purchased at net asset value (NAV) (in other words, purchased with no commission), then that alternative investment product can be subject to an asset-based advisory fee.

Funds

Your representative can also invest a portion of your assets in mutual funds or exchange-traded funds and charge a management fee on assets invested in these securities. Therefore, you will pay two levels of management fees: an advisory fee paid directly to SAA and your representative and a management fee paid indirectly to the managers of the mutual funds or exchange-traded funds held in your portfolios. Representatives using third-party money managers for funds held directly with the product sponsor cannot

receive an additional solicitor's fee if they received an upfront commission, ongoing trails or 12b-1 fees (see 12b-1 Fees section below for additional information).

You can choose to buy the underlying assets in your portfolio directly through the mutual fund company or a brokerage account. In this case, you generally avoid the second layer of advisory fees by making your own decisions regarding the mutual fund or exchange-traded fund. However, in that case, you would not receive the investment management services provided by your representative.

Share Classes

Mutual funds typically offer multiple share classes based upon certain eligibility and/or purchase requirements. The more commonly offered retail mutual funds share classes (e.g., Class A, B and C) have varying initial investment amounts, sales loads, 12b-1 fees and breakpoints to consider and can have a high expense ratio. However, mutual funds can also offer institutional or advisor share classes ("lower cost share classes") or other share classes that are designed for purchase in an investment advisory program account (e.g., Class I, "institutional," "investor," etc.). These lower cost share classes usually have a lower expense ratio than other share classes.

The decision whether to use higher or lower cost share classes is typically based on the anticipated level of trading activity in the selected mutual funds. Generally, holding higher cost classes for longer periods results in higher underlying expenses to the client than if a lower cost share class with a transaction fee were chosen. When determining appropriate share classes for a client, our representatives typically discuss the investment amount in the particular fund, the number of transactions anticipated in the fund, the client's preference for paying a transaction fee and the likely turnover of account assets based on the client's strategy. Please contact your representative for more information about share class eligibility.

SAA and its investment advisor representatives have a financial incentive to recommend or select share classes that have higher expense ratios because such classes generally result in higher compensation. This creates a conflict of interest. SAA has implemented policies and procedures to manage this conflict of interest, including those described in more detail below.

Conversion from Commission to Fee-Based Advisory Account

Representatives can recommend that products on which they previously received a commission be converted to a fee-based advisory account. Any such recommendation is a conflict of interest, which we manage through written disclosure to you and by imposing reasonable controls designed to monitor for this activity. Mutual funds moved from a commission account to a fee-based advisory account will be converted to an available lower-cost share class included on the Approved Product List or maintained in the current share class but additional purchases will be prohibited (see discussion below). Recently purchased A share mutual funds, however, cannot be transferred to fee-based accounts. Other commissionable products can be transferred in-kind to an advisory account (i.e., equities and exchange-traded-funds) but will have a look-back period, and recently received commissions will be reimbursed to the client. We do not allow the systematic conversion of recently purchased commission-based products to fee-based advisory accounts. "Recently purchased" is defined as a minimum of 90 days.

Mutual Fund Approved Product List

To help mitigate conflicts of interest and meet current regulatory expectations, SAA has created an Approved Products List which it keeps updated on a regular basis. Mutual funds placed on the Approved Products List are chosen based on several factors, including expense ratio, availability and supervision practicality. SAA requires that all mutual fund purchases in advisory accounts be made in the share class specified for each fund on the Approved Products List. However, to the extent an advisory account includes mutual fund holdings not approved as to both fund and share class, those funds can continue to be held in that account, but no new purchases are permitted. If any funds currently held in advisory accounts are on the Approved

Products List but not held in an approved class, SAA will convert those holdings to an approved share class at no cost and without tax consequence (in most cases).

SAA uses its best efforts to include only the lowest-cost share class available to SAA's investors for each mutual fund on the Approved Products List. In some instances, a fund share class will not be included on the Approved Products List because it has a high or prohibitive minimum purchase requirement. In that case, a lower-cost fund share class can be offered by a fund family but is not included on the Approved Product List. Clients seeking to make such an investment should speak to their representative about the ability to purchase funds in share classes not on the Approved Products List through SAA granting an exception to its policy.

Even if a share class is included on the Approved Products List, clients should understand that, in many cases, the share class offered for a particular fund will not be the least expensive share class available from that fund. Also, other financial services firms can potentially offer the same mutual fund at a lower overall cost to the investor than is available through SAA.

12b-1 Fees

A 12b-1 fee is an annual marketing, distribution and servicing fee charged by a mutual fund and paid to a representative selling the fund's shares. If a representative received an upfront commission or is receiving ongoing trail commissions or 12b-1 fees, the representative cannot charge an additional advisory fee except as described above for variable annuities. SAA and your representative do not retain 12b-1 fees paid by funds for either qualified or non-qualified accounts.

As discussed above, SAA has implemented a policy requiring that IARs complete new purchases of mutual funds in advisor managed accounts at the lowest cost share class available to SAA's investors for each mutual fund on the Approved Products List. Further, SAA has implemented a policy that 12b-1 trails be credited back to all existing advisory accounts (qualified and non-qualified) that hold positions in higher-fee share classes.

Program Fees

Fees for the Managed Opportunities Program

The AMP Program is offered alternatively as an Account with separate advisory fees and transaction charges ("Unwrapped Fee") or as an account where no separate transactions charges apply, and a single fee is paid for all advisory services and transactions ("Wrap Fee").

The FSP, SMA, and UMA Programs charge an annual fee based upon the value of the Program assets you have under management which covers management, administrative and transaction costs ("Account Fee" or "Wrap Fee").

Depending upon the level of the Account Fee, the amount of portfolio activity in your Account, the value of custodial and other services provided under the Program and other factors, the Wrap Fee may or may not exceed the aggregate cost of such services if they were to be provided to you separately.

Your Account Fee will bill monthly or quarterly in advance or arrears based upon either the average daily balance (ADB) or the period ending balance (PEB) of your account assets under management for the previous period. Account Fees are determined by prorating the applicable rate in the annual Account Fee schedule for the number of calendar days for each month or quarter. The initial Account Fee schedule is illustrated in the Investment Strategy Summary ("ISS"). Typically, management fees are automatically deducted from the Managed Opportunities account according to an authorization provided in the client agreement. On an exception basis, you can have your management fees paid from other accounts or have us bill you directly by invoice.

Cash will be maintained in the core account investment vehicle which you select in order to pay for management fees and other charges and fees. Fees and charges are noted on your statements.

In the event that additions to, or withdrawals from, the account are made in excess of \$10,000 during any given month or quarter, the Account Fee will be adjusted on a pro-rata basis to the account from which the charge was debited. Adjustments are calculated as follows:

- a. Prior fees paid in advance for the remaining calendar days in the month or quarter, as of the date of the addition or withdrawal, will be refunded ("Prior Fees Paid").
- b. Fees will be recalculated for the remaining number of calendar days as of the date of the addition or withdrawal ("Recalculated Fees"). Recalculated Fees are determined by pro-rating the applicable rate in the annual account fee schedule for the number of calendar days remaining in the month or quarter.
- c. The applicable rate for the Recalculated Fees will be determined based on the market value of the assets as of the date of the addition or withdrawal. This may result in a different rate for Recalculated Fees versus Prior Fees Paid for the same period.
- d. The net difference of the Recalculated Fees and the Prior Fees Paid may result in a credit or debit to the account.

In computing the market value of assets, mutual fund shares will be calculated at their respective net asset values as of the valuation date in accordance with each mutual fund prospectus. With respect to accounts that utilize margin, the "net worth" or "net equity" value of the account, not the long or short market value, will be used to determine the Account Fee. With respect to accounts that purchase or sell option contracts, the positive or negative value of the option will be included in the net equity value of the account for purposes of determining the Account Fee. Please be aware that option contracts are a "wasting" asset, in that they have value only through the date on which they expire. If call option contracts are sold in conjunction with securities held in a Program Account, (often referred to as covered call options) the cash received on the sale of the option may have the effect of temporarily increasing the net equity value of the Program Account, and thus increasing the amount of the Account Fee.

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

Methods of Calculating Account Fees

Your Account Fee is billed using either the "Tiered" or "Linear" method. To illustrate, please refer to the sample billing schedule below:

Total Account Value:	Account Fee:
\$0 - \$250,000	X%
\$250,000 - \$499,999	Y%

- Under the Tiered billing method, a Total Account Value of \$400,000 would be billed as follows: the first \$250,000 would be billed at X% with the remaining \$150,000 to be billed at Y%.
- Under the Linear billing method, a Total Account Value of \$400,000 would be billed at Y%.

The ISS designates how your Account Fee is calculated.

Negotiation of Account Fees

Subject to the maximum Account Fee limitations imposed by the fee schedules that follow, each Advisory Representative: (i) negotiates with clients their own Account Fee schedule, and (ii) determines on a client by client

basis the Accounts that will be included in the same “household” for purposes of calculating the Account Fee. The actual Account Fee schedule will be shown in the ISS.

Account Fees and terms are negotiated on a case-by-case basis, depending on a variety of factors, including the nature and complexity of the particular service, the requirements of your particular Advisory Representative, your relationship with your Advisory Representative, the size of the Account, the potential for other business or clients, the amount of work anticipated and the attention needed to manage the Account, among other factors.

AMP Fee Schedules

AMP Wrap Fee Option

If you select the Wrap Fee option, you will pay a single, all-inclusive Account Fee. Please consider that depending upon the level of the Account Fee charged, the amount of portfolio activity in your account, the value of services that are provided under the Program, and other factors, the Account Fee may or may not exceed the aggregate cost of such services if they were to be provided separately. You pay a single fee because either your Advisory Representative pays the transaction charges for you or because we pay the transaction charges for you. In cases where the Advisory Representative pays the ticket charges, a conflict of interest exists for the Advisory Representative to trade less frequently in order to retain a greater portion of the wrap fee. Our policy and procedures are designed to ensure Advisory Representative's with SAA recommend Wrap Fee Advisory Accounts only for actively managed accounts. For new accounts, the Firm no longer offers the option for the Advisory Representative to pay the underlying ticket charges.

The Wrap Fee option offers a bundled charge that is inclusive of transactional (i.e., trading) costs and is meant to be utilized by investors who have an intention to actively trade their account. A non-wrap account is generally more cost-effective for you if you do not intend to actively trade your account. While there is no precise determinant for an actively traded account, if you are engaging in a small number of transactions per year, you should discuss in detail with your advisor if a wrap-account is appropriate for your needs. To the extent that your Advisory Representative is paying for transaction charges, a conflict exists that there is a disincentive to trade actively for your account. Please see below for the associated fee schedules. Please note, that older accounts can be under different fee schedules. The actual Account Fee schedule will be shown in the ISS.

AMP Wrap Fee Schedule (for accounts opened prior to 12/18/2020)

	Advisory Representative Pays Transaction Charges		We Pay Transaction Charges		
Total Account Value	Administrative Fee ^{1 2}	Maximum Advisory Fee ³	Administrative Fee ^{1 2}	Maximum Advisory Fee ³	Maximum Total Account Fee Paid by Client
\$50,000 to \$250,000	0.170%	2.330%	0.350%	2.150%	2.500%
\$250,000 to \$500,000	0.145%	2.105%	0.310%	1.940%	2.250%
\$500,000 to \$750,000	0.145%	1.855%	0.310%	1.690%	2.000%
\$750,000 to \$1,000,000	0.120%	1.630%	0.270%	1.480%	1.750%
\$1,000,000 to \$1,250,000	0.095%	1.655%	0.245%	1.505%	1.750%
\$1,250,000 to \$2,000,000	0.095%	1.405%	0.220%	1.280%	1.500%
\$2,000,000 to \$5,000,000	0.070%	1.180%	0.170%	1.080%	1.250%
\$5,000,000 to \$25,000,000	0.045%	1.205%	0.105%	1.145%	1.250%
Over \$25,000,000	0.035%	0.965%	0.065%	0.935%	1.000%

AMP Wrap Fee Schedule (for accounts opened after 12/18/2020)

	We Pay Transaction Charges		
Total Account Value	Administrative Fee^{1 2}	Maximum Advisory Fee³	Maximum Total Account Fee Paid by Client
\$50,000 to \$250,000	0.260%	2.240%	2.500%
\$250,000 to \$500,000	0.225%	2.025%	2.250%
\$500,000 to \$750,000	0.225%	1.775%	2.000%
\$750,000 to \$1,000,000	0.180%	1.570%	1.750%
\$1,000,000 to \$1,250,000	0.145%	1.605%	1.750%
\$1,250,000 to \$2,000,000	0.145%	1.355%	1.500%
\$2,000,000 to \$5,000,000	0.110%	1.140%	1.250%
\$5,000,000 to \$25,000,000	0.075%	1.175%	1.250%
Over \$25,000,000	0.065%	0.935%	1.000%

1 Administrative Fee: A portion of the Total Account Fee is allocated to the Administrative Fee, which covers administrative, and supervisory services provided by your Advisor's associated Broker-Dealer as well as transaction, execution, clearing and custodial services as provided by the clearing broker-dealer. The Administrative Fee is set on a sliding scale depending on the size of the assets in the account.

2 Platform Administrative Fee Discount: A discounted Administrative Fee Schedule is available for certain Advisory Representatives that meet the qualifications. The discount will be based upon the aggregated total of Account Fee billings of all clients your Advisory Representative maintains in the Program. The discount ranges from a 10% to 80% reduction of the Administrative Fee. If your Advisory Representative receives a discounted Administrative Fee, your Advisory Representative's compensation will increase or decrease by the amount of the discount received, but your Total Account Fee and cost will remain unchanged.

3 Maximum Advisory Fee: The Advisory Fee is paid to Advisory Representatives for the provision of their personal advisory services rendered in qualifying you for investment in the Program, as well as for ongoing supervision and/or portfolio monitoring of Program Investments. The amount of Advisory Fees charged to clients is determined by each Advisory Representative up to an amount not to exceed the fee breakpoint set for each level of investment as described above.

AMP Unwrapped Fee Option

Clients who select the Non-Wrap Fee option will pay separate Transaction Charges in addition to the Account Fee. Please see below for the Account Fee schedule for new accounts. Please note, that older accounts can be under different fee schedules. The actual Account Fee schedule will be shown in the ISS.

Total Account Value	Administrative Fee¹	Maximum Advisory Fee¹	Maximum Total Account Fee Paid by Client
\$50,000 to \$250,000	0.170%	2.330%	2.500%
\$250,000 to \$500,000	0.145%	2.105%	2.250%
\$500,000 to \$750,000	0.145%	1.855%	2.000%
\$750,000 to \$1,000,000	0.120%	1.630%	1.750%
\$1,000,000 to \$1,250,000	0.095%	1.655%	1.750%
\$1,250,000 to \$2,000,000	0.095%	1.405%	1.500%
\$2,000,000 to \$5,000,000	0.070%	1.180%	1.250%

\$5,000,000 to \$25,000,000	0.045%	1.205%	1.250%
Over \$25,000,000	0.035%	0.965%	1.000%

¹ **Administrative Fee:** A portion of the Total Account Fee is allocated to the Administrative Fee, which covers administrative, and supervisory services provided by your Advisor's associated Broker-Dealer as well as transaction, execution, clearing and custodial services as provided by the clearing broker-dealer. The Administrative Fee is set on a sliding scale depending on the size of the assets in the account.

² **Platform Administrative Fee Discount:** A discounted Administrative Fee Schedule is available for certain Advisory Representatives that meet the qualifications. The discount will be based upon the aggregated total of Account Fee billings of all clients your Advisory Representative maintains in the Program. The discount ranges from a 10% to 80% reduction of the Administrative Fee. If your Advisory Representative receives a discounted Administrative Fee, your Advisory Representative's compensation will increase or decrease by the amount of the discount received, but your Total Account Fee and cost will remain unchanged.

Transaction charges can apply to securities sales, purchases and exchanges. The charges vary for mutual funds, variable products, stocks, bonds and option transactions. Factors that determine transaction charges include size of purchase, type of transaction, mutual fund family, variable product sponsor, the representative involved and processing method (on-line/phone/systematic).

For more information on these transaction charges or commissions, please ask your representative or visit www.securitiesamerica.com under Investors/Investor Information.

No Transaction Fee Programs

Certain no-load or load at net asset value ("NAV") mutual funds are available for purchase, sale or exchange without incurring transaction costs. These funds are offered through Pershing and NFS' no transaction fee programs (respectively, the "Pershing Mutual Fund NTF Program" and "NFS Mutual Fund NTF Program") as described below. Certain exchange-traded funds are also available through Pershing and NFS' no transaction fee program (the "Pershing ETF-NTF Program" and the "NFS ETF-NTF Program"), also described below.

Pershing Mutual Fund NTF Program

You can purchase, sell or exchange a select group of no-load or load at NAV mutual funds through Pershing's no-transaction fee program (the "Pershing Mutual Fund NTF Program") without incurring transaction costs, purchase minimums or holding periods.

Pershing ETF-No Transaction Fee Program

Pershing offers a no-transaction fee exchange-traded fund program (the "Pershing ETF-NTF Program") which, includes ETFs with no transaction fees. ETFs in the Pershing ETF-NTF Program have no purchase minimums or holding periods.

NFS Mutual Fund NTF Program

You can purchase, sell or exchange a select group of no-load or load at NAV mutual funds through NFS' no-transaction fee program (the "NFS Mutual Fund NTF Program") without incurring transaction costs, purchase minimums or holding periods.

NFS ETF-No Transaction Fee Program

NFS' offers a no-transaction fee exchange-traded fund program (the "NFS ETF-NTF Program") which, includes ETFs with no transaction fees. ETFs in the NFS ETF-NTF Program have no purchase minimums or holding periods.

Surcharge Fees Imposed on Your Advisory Representative

A \$10 surcharge is assessed to you for transactions in certain mutual funds in unwrapped accounts. The surcharge applies to each purchase and sale transaction for such mutual funds but excludes exchanges and periodic investments. This surcharge is paid by your Advisory Representative in wrap accounts where the Advisory Representative pays the ticket charges. This creates a conflict of interest for your Advisory Representative to recommend mutual funds that are not subject to this surcharge over mutual funds that are to avoid paying the surcharge. Upon request, your Advisory Representative will provide you with a list of mutual funds subject to the \$10 surcharge. This list is subject to change from time to time.

Advisory Services to Variable Annuity Sub-Accounts

Variable annuity policies can be linked to Managed Opportunities Advisor Managed accounts. The variable annuity policy prospectus contains information about limitations and restrictions on making cash additions and withdrawals from any linked policy, and you should review that information. With respect to the AMP Portfolios, the market value of variable annuity accounts included in the management portfolio can be included in the calculation of the management fees as long as it was not sold by a SAI representative who earned a commission. SAA might not receive daily account valuation information for variable annuities from the insurance companies or their custodians. In some circumstances, management fees on certain variable annuity accounts can be based on the weekly or monthly average balance. You can pay more or less in management fees when the pricing is based on a weekly or monthly average balanced compared to management fees when the pricing is based on the average daily balance.

Fixed and fixed index annuities can also be linked to your Managed Opportunities Program account to assist in consolidating and uniformly reporting on your holdings. Any fixed and fixed index annuity positions linked to your account are excluded from fee billing calculations as well as from management and/or valuation services.

Schedule of FSP, SMA, UMA Account Fees

The FSP, SMA, UMA Account Fee is composed of two components, the "Program Fee" and the "Advisory Fee." The rates charged for these components are determined based on several factors described in more detail below, including but not limited to Investment Manager selected, the size of your account, services provided, and the Advisory Fee negotiated. The maximum annualized management fee that can be charged to you is 3%. However, if an Investment Manager is utilized, a Program Fee is included, in which case the management fee can exceed 3%.

The Account Fee charged in any given month or quarter will be reflected in the account statements sent to client.

Advisory Fees

The Advisory Fee is primarily paid to your Advisory Representative for services provided on behalf of the Advisor as outlined above. Your Advisory Representative's supervisor and associated Broker-Dealer typically also receive a small portion of the Advisory Fee for supervisory and administrative services.

Program Fees

Program fees are those that we and each Investment Manager charge you for investment advisory services. Portions of the Program Fee are remitted to:

1. Investment Managers, for investment management services,
2. Envestnet, for services provided through sub-agreement with us as referenced above and
3. the Custodian, for execution of transactions with respect to assets and custodial services

The remainder of the Program Fee is retained by us or SAI.

Subsequent to initial Client approval of the account asset allocation and the Investment Managers, Funds and ETFs that will be contained within each asset allocation sleeve, the asset allocation for the Program Account may be adjusted by the Advisor within predetermined limits. Since the Advisory Fee remains constant, to the extent that Investment Managers represent more or less of the assets in the client Program Account, the Program Fee rate and ensuing Account Fee rate can increase or decrease each month or quarter depending on total account value and the fee rates charged by the Investment Managers in the Program Account. The Program Fee is made up of:

1. the fee charged by the Investment Manager,
2. Investnet, custodian and related party fees and, if selected,
3. overlay and tax management fees. The cost of each of these fees is described below.

1. Investment Manager Fees

Different Investment Managers charge different fee rates for the provision of their investment management services to the Program. The fee earned by Investment Managers range from 0% to 1.4% per year. To the extent that Investment Managers are added or removed in any given month or quarter from a client's Program Account, the Investment Manager Fee and, as a result, the Program Fee can increase or decrease depending on the fee rate charged by the Investment Manager.

2. Investnet, Custodian, and Related Party Fees

Investnet, Custodian and Related Party Fees can range up to 32 basis points (.32%). Depending on the aggregated total Account Fee billings of all clients maintained by an Advisory Representative in the Program, we or our Related Persons provide the Advisory Representative Program discounts (ranging from a 10% to 80% of the fees retained by us and our Related Persons). An Advisory Representative's compensation will increase or decrease by the amount of the discount received, but your Account Fee and cost will remain unchanged.

3. SRI Screen and Tax Management Overlay Fees

An additional 10 basis points (.10%) will be added to your UMA Program Fee if you elect the Tax Management Overlay or Tax Management Service. Furthermore, an additional 10 basis points (.10%) will be added to your Account Fee if you employ the use of an SRI screen.

General Information Concerning Fees and Other Client Charges

Confirmation & Prospectus Fees

In addition to the fees discussed above, the below confirmation and prospectus fees also apply to your Program account.

	Effective until 2/15/2021	Effective after 2/15/2021
Confirmation Fee	\$0.00	\$1.50
Prospectus Fee	\$0.00	\$1.50

The Confirmation Fee can be avoided by signing up for electronic delivery or by suppressing trade confirmations to quarterly. Your Advisory Representative can also choose to pay this fee on your behalf. Refer to the trade confirmation to determine if this fee applies to you.

The Prospectus Fee can be avoided by signing up for electronic delivery. The Prospectus Fee is paid by your Advisory Representative.

In cases where your Advisory Representative pays the above fees, there is a disincentive for your Advisory Representative to trade less often or to recommend different products to avoid the fee. Our policy and procedures are designed to ensure our Related Persons make recommendations to you that are in your best interest. Furthermore, to mitigate this conflict, you can sign up for electronic delivery.

Compensation for the Sale of Securities or Other Investment Products

Your representative receives compensation as a result of your participation in our programs or for providing advisory services to you. Fees for investment supervisory services vary and can be more than the cost of purchasing the same services separately. You may be able to obtain similar services for a lesser fee from other advisors not affiliated with our firm or SAI. The amount of compensation received by SAA or your representative in a particular program can be more than would be received if you participated in other SAA programs or paid separately for investment advice, brokerage and other services. For example, recommending one Managed Opportunities Program portfolio over another Managed Opportunities Program portfolio creates a financial incentive for your representative. Your representative is not under any obligation to promote or use one money manager over another. We suggest you consider the following factors when determining the reasonableness of the fees charged:

- The cost of developing investment strategies and managing the assets.
- The cost of producing performance reports covering the managed assets.
- The cost of administrative, marketing and website services.
- Transaction and custody costs or other miscellaneous fees, taxes or charges, as well as commissions or mark-ups and mark-downs on the purchase and sale of securities. Neither SAA nor SAI receive any portion of mark-ups or mark-downs but market makers can receive this type of compensation.
- The value of the services provided in assisting you in designing, establishing and monitoring the managed assets.
- The cost of any additional administrative, marketing, asset management and other support services provided in managing a program account.

Your representative may also be a registered representative of SAI and able to effect securities transactions and receive commissions in that separate capacity. Your representative may be licensed as an insurance agent and sell insurance products for commissions in that separate capacity. Clients are not obligated to engage SAA representatives to implement advisory recommendations. If clients elect to implement recommendations, they are not obligated to engage SAA representatives who may be separately licensed as SAI registered representatives and/or insurance agents. Implementing any or all recommendations is solely at clients' discretion.

SAI registered representatives have the discretion to determine the amount of commission charged to clients on products other than mutual funds or insurance products. Representatives generally waive any securities commissions from recommended securities transactions affected in Managed Opportunities accounts. In addition, your representative can reduce advisory fees charged as an advisor representative to offset the commissions received when transactions are affected as a registered representative and/or insurance agent. Load mutual funds and bonds may be bought in some managed accounts on an exception basis at your direction.

In determining the amount of commissions charged, SAI registered representatives will consider the Financial Industry Regulatory Authority's ("FINRA") 5% guideline policy, the type of security involved, the availability of the security in the market, the price of the security and the amount of money involved in the transaction.

Commissions charged for securities and/or insurance products can be higher or lower than commissions you might obtain if transactions were implemented through another broker/dealer or insurance broker. You can buy the same

investment product from a non-affiliated broker or implement securities transactions without the services offered by the representative. In that case, you would not receive the services provided by your representative.

Receiving compensation from a variety of sources is a conflict of interest. In addition to the fees disclosed in your advisory agreement or commissions you pay for the purchase of securities and insurance products, your representative can receive additional compensation (including bonuses and non-cash compensation) for selling certain securities or other investment products. Examples of non-cash compensation may include receiving due diligence and/or marketing allowance payments from certain sponsors. While the arrangements with each sponsor varies, each product sponsor may pay a due diligence or marketing allowance fee based upon the amount of assets held at the sponsor or on the gross amount of each sale, depending upon the product. In certain cases, additional payments are paid or directed to SAA/SAI for selling these products. This creates a conflict of interest based on the amount of compensation SAA/SAI receives when recommending one investment product over another. As a result, certain incentives and conflicts of interest exist for your representative if you buy certain products or services recommended by him or her. We encourage you to review this ADV closely and discuss any conflicts of interest with your representative.

SAI, our employees and your representative benefit from the compensation paid to us and can directly or indirectly receive a portion of those fees, commissions or other compensation paid by retirement services clients. Those clients can also use other products or retirement services available from or through us and in such case pay additional compensation. This practice creates a conflict of interest that gives us and your representative an incentive to recommend advisory retirement services based on the compensation received. Additionally, fees and commissions can also be higher for some brokerage products, services or retirement services. The remuneration and profitability to us, our representatives and affiliates resulting from transactions involving some accounts can be greater than the remuneration and profitability resulting from other advisory accounts, products or retirement services. We manage this conflict through written disclosure to you and by imposing reasonable controls designed to address the suitability of advisor products offered to you. We can also offset or refund additional compensation when required by law.

Other Fees

Securities America Financial Corporation is the parent of SAI and SAA. When our representatives act in their separate capacities (i.e., investment advisor representatives, registered representatives, insurance agents), they sell various investment and insurance products to clients including products offered by our affiliates. In addition, when appropriate, representatives make referrals for investment banking services and trust services through our affiliates. Therefore, due to the interrelationship of SAFC, SAA, SAI and its affiliates a conflict of interest exists when representatives recommend these products or services even though that conflict is not readily apparent to you.

Securities Transactions

SAI, our broker/dealer affiliate executes securities transactions for you on our behalf or on behalf of your representative if he or she is licensed as an SAI registered representative. SAI receives various forms of revenue from our clearing firms NFS and Pershing, based upon your activity, as well as the amount of assets we have with these firms. In general, these revenue sources include a percentage or portion of fees and transaction charges collected by the clearing firms and shared with our firm or SAI, such as: (1) margin interest charges, (2) IRA fees, (3) inactivity fees, (4) mutual fund 12b-1 trails and/or other fees. Additional details are provided below:

- **Transfer Charges:** You can be assessed transfer charges on account transactions and other miscellaneous charges by NFS on account transactions.
- **Margin Interest Charges:** To the extent margin is available in the Managed Opportunities Program or a retirement plan advisory program, such accounts must meet certain risk tolerance requirements. When margin is used to buy additional securities, the total value of eligible program assets increases as your asset-based fees increase. In addition, you can be charged margin interest on debit balances in your account. An increase in the asset-based fee you pay provides an incentive for your representative to recommend the use of margin.

- Mutual Fund 12b-1 Trails: SAA and your representative do not retain 12b-1 fees paid by funds for either qualified or non-qualified accounts.
- Principal Transaction Fees: "Mark-ups" and "mark-downs" or "dealer spreads" that broker/dealers, including affiliates of SAI, receive when acting as principal in certain transactions. Neither SAA nor SAI receive any portion of mark-ups or mark-downs but market makers can receive this type of compensation.
- Other Fees: Fees charged in our programs are separate and distinct from fees and expenses charged by mutual funds, exchange-traded funds, variable annuities and other investments recommended to you. A description of these fees and expenses are available in each investment prospectus.
- Miscellaneous Fees: We also reserve the right to charge additional fees to close an account except when your state of residence prohibits an account closing fee. Refer to your agreement for specific fees and additional information.

Your representative can also be charged additional fees for executing certain transactions (e.g., transaction charges, ticket charges or service fee/charges, etc.). When allowed by our firm or by SAI, your representative can pass these charges onto you at his or her discretion. If you participate in the Managed Opportunities Program and these charges are passed onto you, it will be reflected on your trade confirmation as a Post/Serv Fee for NFS accounts or as a Service Charge for Pershing accounts. All fees and charges are noted on your statements and/or confirmations. Stocks, bonds and other securities are traded in managed accounts and subject to normal spreads, mark-ups and mark-downs paid to market makers of those securities. These charges will be considered by your representative when determining the amount of fees to be charged to you. For additional information about brokerage practices, please refer to the section titled "Brokerage Practices".

Fixed Income Securities

Certain securities, such as over-the-counter stocks and fixed income securities are traded primarily in "dealer" markets. In such markets, securities are directly purchased from, or sold to, a financial institution acting as a dealer, or "principal." Dealers executing principal trades typically include a mark-up, mark-down, and/or spread in the net price at which transactions are executed. When appropriate, your representative recommends certain bond trade transactions on a discretionary or non-discretionary basis using the Ladenburg Thalmann Fixed Income desk. See Item 9 *Other Financial Industry Affiliations and Activities*, for additional information on the use of the Ladenburg Thalmann & Co.'s Fixed Income Desk.

Offerings and Special Transactions

Clients purchase initial public offerings, secondary offerings and special purpose acquisition company transactions through broker/dealers. An affiliate of our firm sometimes acts as an underwriter or manager for such offerings. SAA and/or our affiliate broker/dealer, SAI, can also act as a member of the selling syndicate. See the discussion on Ladenburg Thalmann & Co., Inc. acting as a manager or underwriter for initial public offerings and also SAA/SAI's possible participation in Item 9 *Other Financial Industry Activities and Affiliations*.

Retirement Services

As previously described, our representatives also provide services to clients' retirement accounts, such as individual retirement accounts (IRAs) and retirement plans. A client leaving an employer typically has four options (and can engage in a combination of these options):

- (i) Leave the money in the former employer's plan, if permitted
- (ii) Roll over the assets to the new employer's plan, if one is available and rollovers are permitted
- (iii) Rollover to an IRA or

- (iv) Cash out the account value (which could, depending upon the client's age, result in adverse tax consequences)

When appropriate, our representatives recommend an investor roll over plan assets to an IRA which they manage and, as a result, earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer, or roll the assets to a plan sponsored by a new employer, generally results in no compensation to us (unless we are engaged to monitor and/or consult on the account while maintained at the existing plan). Therefore, our representatives have an economic incentive to encourage an investor to roll plan assets into an IRA that we manage or encourage an investor to engage us to monitor and/or consult on the account maintained at the existing plan.

There are various factors that we consider before recommending a rollover, including but not limited to:

- (i) The investment options available in the plan versus the investment options available in an IRA
- (ii) Fees and expenses in the plan versus the fees and expenses in an IRA
- (iii) The services and responsiveness of the plan's investment professionals versus ours
- (iv) Strategies for the protection of assets from creditors and legal judgments
- (v) Required minimum distributions and age considerations and
- (vi) Employer stock tax consequences, if any

The following exception to the early withdrawal penalty applies only to distributions from a qualified retirement plan other than an IRA: distributions made to you after you separated from service with your employer if the separation occurred in or after the year you reached age 55.

No client is under any obligation to rollover plan assets to an IRA managed by us or to engage our representative to monitor and/or consult on an account maintained at an existing plan. Please note that a recommendation to roll assets out of an employer-sponsored plan into an IRA typically results in more expenses and charges than if the assets were to remain in the plan.

Clients or prospective clients should speak to their representative about any questions they have regarding a possible engagement and the corresponding conflict of interest presented by such engagement.

Performance-Based Fees and Side-by-Side Management

Neither the Firm nor our Advisory Representatives accept performance-based fees (i.e. fees based on a share of capital gains or capital appreciation of the assets of a client). Nor do we engage in side-by-side management (i.e. managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees).

ITEM 5. ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Our Advisory Representatives provide investment advisory services to:

- Individuals (including high net worth individuals)
- Banking or thrift institutions
- Pension and profit-sharing plans
- Trusts
- Estates or charitable organizations
- Corporations
- State and municipal governmental entities

The minimums to establish and maintain Managed Opportunities accounts are listed below. Exceptions can be granted if negotiated between yourself, SAA and/or your Advisory Representative.

- \$25,000 for Managed Opportunities Fund Strategist Portfolios
- \$100,000 for Managed Opportunities Separately Managed Account Portfolios
- \$150,000 for Managed Opportunities Unified Managed Account Portfolios
- \$100,000 for Managed Opportunities Advisor Managed Account Portfolios (wrap)
- \$50,000 for Managed Opportunities Advisory Managed Account Portfolios (non-wrap)

Methods of Analysis, Investment Strategies and Risk of Loss

Our investment advisor representatives use various methods of analysis and investment strategies.

Some investment advisor representatives use just one method or strategy while others rely on multiple strategies. SAA does not require or mandate that its representatives implement a particular investment strategy or use a particular analysis method. Investment advisor representatives have flexibility (subject to SAA supervision and compliance requirements) when developing their investment strategies.

The following sections provide brief descriptions of some of the more common methods of analysis and investment strategies that are used by SAA investment advisor representatives.

Methods of Analysis

Security analysis methods can include (1) fundamental analysis, (2) technical analysis and (3) cyclical analysis.

- **Fundamental** – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is

possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation can be wrong and therefore lead to an unfavorable investment decision.

- Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value but instead use charts and other tools to identify patterns that suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis because it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilizing of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, resulting in a premature purchase of a security.

- Cyclical – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company rises just before an economic upturn begins and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle can actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action can be missed. Similarly, a sell decision meant to occur at the top of a cycle can result in missed opportunity or unrealized losses.

Main sources of information include (1) financial newspapers and magazines, (2) inspections of corporate activities, (3) research materials prepared by others, (4) timing services, (5) annual reports, prospectuses, filings with the SEC and (6) company press releases.

Your representative has access to third party vendors that provide programs or software to analyze individual securities. We also offer your advisor access to third party vendors that provide support services in portfolio design and strategy implementation. One of our affiliates, LTCO, provides research designed to help clients capitalize on inefficiencies in the market. Their institutional quality research provides their partners with value-added insights that enables their decision-making processes, informs their strategies and allows them to address critical market issues. Your

representative can use the services of LTCO in addition to other third-party services made available. Refer to Item 9 *Other Financial Industry Activities and Affiliations* for more information about our affiliates.

Investment Strategies

Various investment strategies can be employed in our programs and when providing advisory services, including (1) long-term purchases (securities held at least one year), (2) short-term purchases (securities sold within a year), (3) trading (securities sold within 30 days), (4) short sales, (5) margin transactions and (6) option writing (including covered options, uncovered options or spreading strategies).

Strategic and tactical asset allocation model portfolios are also employed in SAA programs. In addition, model mutual fund and variable annuity asset allocation portfolio programs, provided by a number of institutional investment managers and strategists, can be used when managing client assets. In the Managed Opportunities Fund Strategist Account Portfolios, Separately Managed Account Portfolios and Unified Managed Account Portfolios, multiple investment strategies are available for use when managing your account. Your representative is responsible for determining the appropriate management style and assists you in placing your assets in a model portfolio based on your individual financial situation, goals and objectives. Your assets are allocated according to the model selected. Reallocations are implemented in discretionary accounts by the money managers in these portfolios without prior notice to you.

Investment strategies and philosophies used within our managed programs or when providing advisory services vary based on the advice provided by your representative. Models and strategies used by one representative vary from models and strategies used by other representatives. Some representatives limit their advice to mutual funds and others provide advice on a full range of securities that include equities, mutual funds, options, fixed income and other types of investments. Some representative will develop models or strategies that are generally applied to their clients while other representatives develop individualized portfolios for each client.

For all accounts, a specific investment strategy or investment policy is determined for you focusing on your specific financial situation, goals and stated investment objectives. Your representative is responsible for developing and determining the investment strategies used when managing your accounts. He or she is also responsible for monitoring your accounts and re-allocating them as appropriate based on changing market conditions, changes in your individual circumstances, or other factors. If your accounts are managed on a discretionary basis, re-allocations are implemented without prior notice to you. If your accounts are managed on a non-discretionary basis, you will be consulted prior to any securities being re-allocated.

In order to help identify the investment strategies to be used, your representative typically:

- Gathers information from you about your financial situation, investment objectives, risk tolerance and investment time horizon and any reasonable restrictions you wish to impose on the managing the account;
- Periodically reviews reports provided to you and consults with you;
- Contacts you at least annually to review your financial situation and objectives;
- Communicates information to the third-party investment advisor as warranted; and
- Assists you in understanding and evaluating the services provided by the third-party investment advisor.

If your individual situation changes, you should notify your representative, who will assist you in revising the current portfolio and/or prepare an updated client profile so that he/she can determine if a different model portfolio is appropriate to your new situation. You can also directly contact a third-party advisor managing the account at the same time you notify your representative and/or SAA. Any subsequent changes directed by you to the initial portfolio(s) will be reflected in a verification update letter which will be provided to you, and the changes will also appear on your statement.

It is important that you understand the concept and risks inherent in exchanging an investment from one position to another. Some investment decisions result in profit and others in losses. SAA and your representative cannot guarantee that the objectives of any investment program will be achieved. Furthermore, it is important that you understand that

exchanging shares of one mutual fund for shares of another mutual fund is treated as a sale for federal income tax purposes, and you could incur capital gains or losses unless you are eligible for tax deferral under a qualified retirement plan.

In limited circumstances, your representative or a third-party money manager can engage in a strategy involving frequent trading. We suggest you consider the following points before entering into an advisory relationship where such trading occurs:

- Active trading can be extremely risky and is not appropriate for someone of limited resources and limited investment trading or trading experience and low risk tolerance. You should be prepared to lose all of the funds you invest in securities. You should not invest funds necessary to meet your regular, on-going personal needs. In particular, you should not fund this type of trading with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses.
- Active trading can result in few or no profits and, worse, can lead to large financial losses very quickly. Active trading requires in-depth active knowledge of the securities market and of sophisticated and disciplined trading techniques and strategies. Also, you must compete with professional, licensed traders employed by securities firms and other knowledgeable, experienced and well-trained traders. You should have appropriate knowledge and experience before engaging in active trading. You should be familiar with a securities firm's business practices, including operation of the firm's order execution systems and procedures. Under certain conditions, you could find it difficult or impossible to liquidate a position quickly at a reasonable price. Your success will be affected by strengths and weaknesses and the methods and practices of the brokerage firm in executing trades. You should develop an intimate knowledge of these matters before you engage in an active trading strategy.
- Active trading can involve aggressive trading, and you should generally, expect to pay commissions, ticket and transaction charges on each trade. The total daily commissions you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming each trade costs \$16 and an average of 29 transactions are conducted per day, you would need to generate an annual profit of \$111,360 just to cover trading costs.
- Active trading can result in tax consequences can be affected due to shorter-term purchases and sells. We suggest you consult your tax professional for advice. Your portfolio can be more volatile with shorter term or more active trading.

Risk of Loss

Investment portfolios, programs, models, asset allocations or strategies entail the risk of loss; and values and returns fluctuate over time. While we seek to limit any losses, there have been periods of loss in the past, and there will likely be others in the future. SAA and the representatives emphasize investment returns that depend highly on trends in the various investment markets. Thus, our investment management services are generally suitable only for long-term investment objectives or strategies, rather than for short-term trading purposes. Diversification does not guarantee a profit or to protect you against loss, and there is no guarantee that your investment objectives will be achieved. These programs, portfolios, models, asset allocations and strategies are not FDIC insured and the investments in them can lose value. All investment programs have certain risks that are borne by you. While our investment approach constantly keeps the risk of loss in mind you still face the following investment risks:

- **Market Risk:** This type of risk is caused by external factors independent of a security's particular underlying circumstances. Markets can, as a whole, go up or down on various news releases for no understandable reason at all. This sometimes means that the price of specific securities go up or down without any real

reason and take some time to recover any lost value. Adding securities does not help to minimize this risk since all securities can be impacted by market fluctuations.

- **Short-Term Trading Risk:** These types of transactions can result in short-term gains or losses for federal and state tax purposes, which can be taxed at a higher rate than long-term strategies. SAA and your representative attempt to invest your assets in a tax efficient manner, but you should consult with your tax professional regarding transactions in your account.
- **Investment Term Risk:** If you require us to liquidate your portfolio during a period in which the price of the security is low, you will not realize as much value as you would had the investment had the opportunity to increase or regain its value (as investments frequently do) or had we been able to reinvest in another security.
- **Short Sales Risk:** Short sales are motivated by the belief that a security's price will decline, enabling it to be bought back at a lower price to make a profit. The maximum gain on a short sale is limited but the maximum loss is theoretically infinite. Short sales also involve significant expenses, dividend responsibilities, possible regulatory prohibitions and critical timing considerations that impact potential profitability.
- **Margin Risk:** If you engage in margin transactions then you are borrowing funds to purchase securities using loans for which your portfolio serves as collateral for repayment. Use of margin increases a portfolio's risk as price swings are amplified and, if the value of your securities declines, you can lose more funds than you originally deposited. The lender or custodian may be required to cease trading or liquidate securities to meet a margin call or credit line demand. When using margin as a strategy, you can lose more than your original investment.
- **Option Risk:** An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time, reflecting the nature of the option as a wasting asset becoming worthless when it expires. If you don't sell an option in the secondary market or exercise it prior to expiration, you will lose your entire investment in the option.
- **Interest-Rate Risk:** Fluctuations in interest rates can cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Reinvestment Risk:** This is the risk that future proceeds from investments are reinvested at a lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Inflation Risk:** The risk is that the rate of inflation will exceed the rate of return on an investment. The investment value itself does not decline but its relative value does.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Political Risk:** Most investments have a global component, even domestic stocks. Political events anywhere in the world can have unforeseen consequences to markets around the world.
- **Regulatory Risk:** Changes in law and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they generate a profit. They generally carry a higher risk of profitability than an electric company, which generates much of its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Concentrated Investment Risk:** Certain investment strategies can be concentrated in a specific sector, industry or individual security. In this case, your portfolio is more likely to sharply increase or decrease in value with changes in the market. This strategy is more volatile because the risk associated with each security represents a large percentage of your overall portfolio.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid while real estate properties are not.
- **Financial or Default Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability because the company must meet the terms of its obligations and service its debts in good times and bad. During periods of financial stress, the inability to meet loan obligations can result in bankruptcy and/or a declining market value. Ratings provided by several rating services help to identify those companies with more risk.
- **Risks Specific to Sub-Advisors and Other Managers:** If we invest some of your assets with another advisor (including private placement), there are additional risks. For example, the other manager might not be as qualified as we believe them to be, the investments those managers use might not be as liquid as we would normally use, or the managers' risk guidelines might be more liberal than we normally employ.

There are risks inherent in all financial decisions and transactions, and there is no guarantee your investment objectives will be achieved. Our firm and our affiliated entities make no promises, representations, warranties or guarantees that any services will result in a profit to you. Our firm and our affiliated entities do not guarantee the future performance or any specific level of performance, the success of any investment decision or strategy our firm and any affiliated entities use or the success of our overall management. SAA, its representatives and our affiliated entities will not be liable for any loss incurred with respect to your account, except where such loss directly results from such party's negligence or malfeasance. Nothing in this section is intended to be a waiver of any right of action you have under applicable securities laws or your rights in the event SAA, the representative or SAA's affiliated subsidiaries breach any fiduciary duty owed to you.

SAA monitors accounts based on standard deviation thresholds. For information about these thresholds, please visit www.securitiesamerica.com under Investors/Investor Information.

ITEM 6. PORTFOLIO MANAGER SELECTION AND EVALUATION

In the Managed Opportunities Advisor Managed Program, your representative serves as the portfolio manager and is selected by you at the time you enter into an agreement with our firm to manage your account. Your representative manages your portfolio and determines which investments are bought, sold, re-allocated or redeemed. Refer to the section titled "Investment Analysis" for more information.

In the Fund Strategist Portfolios, Separately Managed Account Portfolios and Unified Managed Account Portfolios, SAA serves as the portfolio manager and is selected by you at the time you enter into an agreement with our firm to manage your account. For a description of the portfolios offered in each program, refer Item 4 for more information.

SAA engages sub-advisors with access to mutual fund and exchange traded fund asset allocation model portfolios, institutional separate account investment manager model portfolios of equity and/or fixed income securities and unified managed account portfolios in order to provide you with a choice of investment styles and corresponding risk levels. One or more of these sub-advisors are affiliated entities of SAA. Our firm or a designee, on our behalf, gathers information on the sub-advisors from published materials, questionnaires and interviews. Screening factors are both qualitative and quantitative and include:

- Management style and total assets under management;
- Assets managed in a particular investment style;
- Number of years the firm has managed assets; and
- The number and qualifications of investment professionals employed.

Each evaluation factor may have a different weighting in the decision-making process. Generally, no one factor determines the outcome of any selection. Firms, including affiliated sub-advisors that pass the evaluation process, are subject to a due diligence review by SAI's due diligence committee on behalf of SAA.

ITEM 7. CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

The principal source of information used by your representative is the data provided by you, such as your personal data, assets and liabilities, income expectations, short-term and long-term financial goals, risk tolerance associated with goals and other relevant information. This information is collected as part of the new account form or subsequent account updates or financial planning agreement. If you select your representative to manage your portfolio, he or she uses this information to make decisions to buy, sell, redeem, or reallocate the portfolios based on changing market conditions, client specific changes to their suitability and financial information. If you wish to update your suitability and financial information, please contact your representative. Based on your response, your representative then evaluates whether or not to change your investment portfolio based on your responses to the questionnaire. If you select another party to manage your portfolio, your information will be collected by the other party for purposes of managing your account.

ITEM 8. CLIENT CONTACT WITH PORTFOLIO MANAGERS

In the Managed Opportunities Advisor Managed Program, there are no restrictions on your ability to consult with your representative. In the Fund Strategist Portfolios, Separately Managed Account Portfolios and Unified Managed Account Portfolios, your representative will serve as your primary source of support in addressing any questions or concerns relating to the listed programs.

ITEM 9. ADDITIONAL INFORMATION

Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that are material to a client's evaluation of the advisor or the integrity of their management.

Disclosure of Disciplinary Action Related to the Sales of Complex Exchange-Traded Products

On November 13, 2020, Securities America Advisors, Inc. ("SAA") entered into a settlement agreement with the Securities and Exchange Commission ("SEC") and an administrative order has been issued by the SEC. The SEC found the Firm violated Section 206 and Rule 206(4)-7 of the Investment Advisers Act of 1940. More specifically, during the period from January 2016 through February 2018, SAA did not adopt and implement policies and procedures reasonably designed to prevent unsuitable investments by its investment advisor representatives in volatility-linked exchange traded products ("ETPs").

Without admitting or denying the SEC's findings, the Firm agreed to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Advisers Act Rule 206(4)-7. The Firm also agreed to pay disgorgement, prejudgment interest, and a civil monetary penalty totaling \$603,776.82 to the Securities and Exchange Commission.

The SEC noted that SAA cooperated with the SEC and promptly took remedial steps to adopt policies and procedures that, with a few narrow exceptions, prohibited trading in volatility-linked ETPs.

Disclosure of Disciplinary Action Related to Mutual Fund Share Classes

While SAA neither admitted nor denied the SEC's findings, the SEC found that SAA breached its fiduciary duty, had inadequate disclosures and was deficient in its compliance policies and procedures in connection with SAA's mutual fund share selection practices.

During February 1, 2012 to December 31, 2016 (the relevant period), the SEC found that SAA's IARs invested advisory clients in mutual fund share classes charging 12b-1 fees and that SAI, SAA's affiliated broker/dealer, received 12b-1 fees based on those investments. SAI then paid a portion of the 12b-1 fees to its registered representatives who also

acted as SAA IARs. The SEC found that SAA's disclosure documents failed to adequately inform clients that this was a conflict of interest because less expensive share classes were available for the same fund and that this made SAA's practice inconsistent with its duty to seek best execution for its clients' transactions.

Also during the relevant period, the SEC found that SAA failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its Rules. The SEC found SAA's conduct violated Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7.

On December 14, 2017, without admitting or denying the SEC's findings, SAA submitted an Offer of Settlement. On April 6, 2018, the SEC entered an order against SAA (File Number 3-18424) in which SAA was instructed to cease and desist from committing or causing violations of Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7 thereunder. SAA was also censured and ordered to pay disgorgement of \$4,473,025.50, prejudgment interest of \$580,423.14 and a civil penalty of \$775,000.00. Clients can also refer to Investment Adviser Public Disclosure at www.adviserinfo.sec.gov for additional information.

Prior to the entry of the SEC's order, SAA implemented several policies to address the mutual fund share class selection practices described in the SEC's order. SAA now requires that its IARs complete all new purchases of mutual funds in advisory accounts at the lowest cost share class available to SAA, and SAA has worked with its clearing platforms to ensure compliance with this policy. Additionally, SAA has taken steps to convert mutual fund investments in all Class A shares (or comparable classes) to the lowest cost share classes available for the same funds at no costs or tax consequences to its existing advisory clients. For those shares that cannot be or have not yet been converted, SAA has implemented a policy to credit back any newly incurred 12b-1 fees to existing advisory clients.

Other Industry Activities and Affiliations

Overview

This section contains information about our financial industry activities and affiliations. We provide information about the material relationships and arrangements we have with any related persons, including broker/dealers and investment advisors. We identify if any of these relationships or arrangements create a material conflict of interest with clients and discuss how we address these conflicts. "Related persons" are defined as entities that we control or control us or are under common control with us.

Corporate Structure

Securities America Advisors, Inc. is a wholly owned subsidiary of Securities America Financial Corporation (SAFC), as is our affiliated broker/dealer, Securities America, Inc. Arbor Point Advisors, LLC (APA), another investment advisor firm, is a majority-owned subsidiary of SAFC. SAFC 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 2006 Trust.

Other Industry Affiliates

SAA 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 owner SAFC
Ladenburg Thalmann Asset Management, Inc. (LTAM)	100% owned by AGHI

Registered Investment Advisor	
Ladenburg Thalmann & Co., Inc. (LTCO) Broker/Dealer	100% owned by AGHI
Ladenburg Capital Agency Inc. Insurance Company	100% owned by AGHI
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
Valor Insurance Agency, Inc. Insurance Company	100% Owned by AGHI

SAA also has related persons who are under common control of AGHI. SAA's affiliates named above below and your advisory representative cannot conduct or recommend business through these related persons, 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

Business Operations with Affiliates

When conducting business operations, SAA engages 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.

There is a conflict of interest since some of our business operations involve directing clients to products or services of our affiliated companies; SAA or the broker/dealer can receive compensation when doing so. We discuss these conflicts further below.

Premier Trust. Your representative can recommend Premier Trust, a Nevada chartered trust company, to provide trust, estate planning and administrative services. When making any recommendation, representatives first consider whether Premier Trust can adequately service client needs and whether any other efficiencies or benefits will result to the client. Clients are not obligated to follow or recommendations or use Premier Trust's services. When used, Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

Highland Capital Brokerage (Highland). Highland is an independent insurance brokerage firm that delivers life insurance, fixed and equity indexed annuities, long-term care solutions and variable insurance wholesaling support to investment and insurance providers. Some employees of Highland may also be registered with us and/or our broker/dealer affiliates.

Ladenburg Thalmann & Co. Inc. (LTCO). LTCO is a registered broker/dealer. As such, it can act as a dealer relative to certain securities and execute transactions in its capacity as a principal for SAA clients. Fixed income securities are traded primarily in "dealer" markets, meaning securities are purchased directly from or sold to a financial institution acting as "dealer" or "principal." Dealers executing principal trades typically include a "mark-up," "mark-down," and/or "spread" in the net price at which transactions are executed. This compensation is in addition to other compensation clients pay to SAA and its affiliates. To address this conflict of interest, clients are given disclosures about principal transactions with LTCO and have the opportunity (to the extent required by applicable law) to reject the transaction before its completion. In addition, clients are generally given transaction specific disclosure prior to their decision to invest in such securities.

If your representative uses LTCO Fixed Income Solutions ("FIS"), your representative has incentives to recommend certain structured products in the initial offering. Structured products are fixed-income investments where you (the investor) purchase a secured debt (or other assets) and become the lender, after which you receive payments (principal and interest) over a specific period (usually a shorter time period than a bond) from the borrower. Clients are given transaction specific disclosure prior to their decision to invest in such securities. Structured products traded through LTCO are only available to clients through representatives who have completed our required education and training.

LTCO FIS may earn compensation on your riskless principal trades. The amount of compensation, in addition to any price mark-up or mark-down, is disclosed on your corporate and municipal securities bond trade confirmations. The relationship between your representative and LTCO FIS will be disclosed prior to the execution of your trade. Your representative is required to disclose this conflict and receive your consent prior to entering your trade.

Your representative can also recommend clients invest in securities issued in an initial public ("new issue") and secondary offering for which LTCO acts as a manager, an underwriter and/or a member of the selling syndicate. SAA and/or our affiliated broker/dealer, SAI, can also act as a member of the selling syndicate. We have a conflict of interest when recommending these securities because:

Your representative can also recommend clients invest in securities issued in an initial public and secondary offering ("new issue") for which LTCO acts as a manager, an underwriter and/or a member of the selling syndicate. SAA and/or our affiliated broker/dealer SAI can also act as a member of the selling syndicate. We have a conflict of interest when recommending these securities because:

- LTCO receives all or a portion of the gross spread the difference between the price paid by the client for the security and the price for which LTCO purchases the security) in connection with such sales. This gross spread will vary between different offerings. If SAA or SAI also act as a member of the selling syndicate, they receive a portion of the gross

spread. If your representative is also a registered representative, he or she generally receives a portion of this compensation in that separate capacity.

- LTCO has a substantial financial and reputational interest in assuring the offerings are successful by having a large number of the securities purchased. In connection with certain offerings, LTCO has an obligation to purchase and resell a certain number of securities.

Because of our affiliation with LTCO, we have incentives to recommend investments in these initial and secondary offerings for the above reasons rather than based on client needs. To address these conflicts, we have policies and procedures in place to make sure securities in initial public offerings are recommended only to clients for whom they are suitable based on client investment objectives and assets. In addition, clients are generally given transaction specific disclosure prior to the client's decision to invest in such securities. IPO allocations through LTCO are only available to clients through representatives who have completed SAA's required IPO training. Consequently, advisory clients serviced by a representative who has not received the required training will not be allocated any shares in IPO securities. If securities acquired in initial public and secondary offerings become oversubscribed, we have policies and procedures in place addressing the allocation process under these circumstances.

In addition, your representative can refer you to LTCO for investment banking services and receive a finder's fee if he or she is also a registered representative. Clients are not obligated to use any LTCO services recommended.

Ladenburg Thalmann Asset Management, Inc. (LTAM). LTAM is an SEC registered investment advisor specializing in investment management, market analysis, due diligence, fund selection, asset allocation and diversification strategies. LTAM sponsored programs and their characteristics are more fully described in its disclosure brochures, which are available to any client or prospective client upon request.

LTAM offers the Total Portfolio Series funds (Collective Investment Trusts) established for retirement plans as well as the Ladenburg Funds (i.e., Ladenburg Income Fund, Ladenburg Income & Growth Fund, Ladenburg Growth & Income Fund, Ladenburg Growth and Ladenburg Aggressive Growth), each of which is an open-end fund of funds. Our representatives can recommend clients invest in these funds and portfolios as well as other Ladenburg funds. Transactions for these funds and portfolios are generally executed through LTCO, which receives commissions when executing trades on behalf of the Funds. Therefore, there is a conflict of interest if clients elect to invest in these products since LTAM, LTCO and SAA generally receive more compensation than if clients purchase other investments.

- LTAM operates \$ymbil®, an online, interactive tool designed to assist clients in selecting among the five Ladenburg Funds by using a questionnaire to gauge a client's time horizon, risk tolerance and investment objectives. A client investment profile is created from the responses to this online questionnaire. LTAM has no discretion over a client's investments. Our representatives can recommend clients use \$ymbil®, and if clients implement transactions using \$ymbil®, both SAA and our representatives receive solicitor fees. This creates a conflict of interest; however, clients have no obligation to accept any suggestions provided by \$ymbil® or to invest in any of the Ladenburg Funds

We offer clients access to professional third-party money managers that create and implement portfolios with a variety of investment strategies. We participate in revenue sharing arrangements with specific money managers having their own mutual funds and using those funds in their managed programs. LTAM is among the third-party money managers that can be recommended to clients. SAA has a conflict of interest in recommending third-party managers to clients, including LTAM. Representatives receive compensation that varies depending on the third-party managers recommended. SAA earns more total compensation when a client selects an affiliate (i.e., LTAM) as a third-party manager than we would earn if the client selects an unaffiliated third-party manager. Thus, our representatives have a conflict of interest because of an incentive

to recommend certain managers over others. We address these conflicts of interest through policies and procedures that, among other things, require representatives to make suitable recommendations, to act as a fiduciary to clients, and to act solely in clients' best interests.

Other Affiliations and Activities

Registered Representative

Our principal executive officers, other employees and representatives can be separately licensed as registered representatives and registered principals of SAI. In this separate capacity when these individuals affect securities transactions they receive separate compensation for those transactions. Representatives who are also licensed as registered representatives have an interest in earning commissions that may be averse to client interests. This conflict is monitored through our broker/dealer's supervisory and compliance review system. In addition, clients are not obligated to use our representatives to implement any securities transactions.

Consultation and Marketing Affiliation

We have established an agreement with Hanson McClain Retirement Network, LLC (HMRN), a registered broker/dealer and investment advisor in which the associated persons of HMRN provide consultation and marketing support services to representatives to assist them in obtaining more clients. As a result of this relationship, we pay HMRN a portion of the fees from any clients obtained as a result of the services provided by HMRN.

Independent Contractors

Most SAA investment advisor representatives are independent contractors and not employees of SAA or SAI. However, some representatives can be employees of SAA or our affiliated broker/dealer.

Other Business Entities and Marketing Names

SAA conducts its business through a network of independent investment advisor representatives who operate offices located throughout the United States. The representatives can own and operate other legal business entities and offer/provide other services through those businesses. (See your representative's Form ADV Part 2B Supplemental Brochure for specific information about his or her other businesses and services.) These other entities are not owned or affiliated with SAA, SAFC, AGHI or its subsidiaries or with the custodians used. Many of these representatives market their services under a different marketing name and/or as an outside business activity.

When operating these other businesses, the representatives may use their own business name(s), marketing name(s) and/or logos that can appear on their sales and marketing materials and client statements. The representatives must disclose on all materials and correspondence that advisory services are offered through SAA. All sales and marketing materials used by the representatives are reviewed and approved by Securities America home office personnel. The business names, marketing names and logos used by the representatives are separate from and are not owned or controlled by SAA. Information about the representatives' other businesses can be found in their respective Form ADV Part 2B Supplemental Brochure, which also contains more detailed information about their educational backgrounds, business experience and disciplinary history (if any).

Independent Advisor Firms

Certain representatives of SAI, our broker/dealer affiliate, have their own registered investment advisory businesses. These independent investment advisor firms are separate business entities and are not under common control or ownership with SAA or any of our affiliates. Advisory services and recommendations provided under agreement with an independent investment advisor is solely the responsibility of that advisor, not SAA or SAI. The independent investment advisor firms market these services under a different marketing name or/and under an outside business activity. However, independent advisor firms can use some of SAA's programs and services (e.g., the Managed Opportunities Program) if proper disclosure is included in the independent advisor firm's Form ADV.

Accounting Firm

Representatives can be separately licensed as accountants and may offer accounting services to advisory clients for separate and typical compensation. You are not obligated to use any of these individuals to provide accounting services.

Law Firm

Representatives can be separately licensed as attorneys and, as such, may offer to provide legal advice for separate and typical compensation. You are not obligated to use any of these individuals to provide legal services.

Insurance Company or Agency

Some of our principal executive officers, investment advisor representatives and other employees of our firm are agents and/or brokers of various insurance companies. If clients elect to have insurance recommendations implemented, these individuals can affect insurance and/or annuity transactions and receive separate compensation when doing so. Even though the compensation is received in their separate capacity as a licensed insurance agent, the transaction is still a conflict of interest. Clients are not obligated to use any of these individuals for insurance product purchases but are free to use any insurance agent or insurance broker they choose.

SAI, our broker/dealer affiliate, also holds a business entity license in all 50 states as well as Puerto Rico. It can receive commissions in connection with the sale of fixed insurance products by registered representatives who are licensed to sell these products. SAI receives payments from certain insurance sponsors for marketing, training and distribution support. None of these additional payments are paid or directed to any registered representative/insurance agent who sells these products. The registered representative/insurance agent does not receive a greater or lesser commission for sales of these insurance products from which our broker/dealer affiliate receives revenue sharing payments. However, the marketing, educational and distribution activities paid with revenue sharing could potentially lead a registered representative/insurance agent to focus more on products offered by insurance sponsors that make revenue sharing payments to SAI than those of sponsors that do not make such payments when recommending insurance products to their clients. Clients are not obligated to implement any insurance recommendations or use SAI if electing to do so.

Banking or Thrift Institution

SAI also markets its services through banks and thrifts. In some circumstances, investment management services are also marketed through these banks and thrifts, provided that such marketing is done in compliance with applicable SEC and state regulations.

Pension Consultant

Representatives can be separately engaged to provide pension-consulting services. If clients need these services, they can engage these individuals for separate and typical compensation. Clients are not obligated to use any of these individuals to provide this service. In addition, representatives can establish relationships with outside parties that provide pension-consulting services. In these instances, representatives can refer you to pension consultants and may receive a solicitor referral fee. These arrangements are fully disclosed to you at the time of any referral.

Real Estate Broker or Dealer

Representatives can be separately licensed as real estate agents. In this separate capacity, representatives can provide real estate brokerage and/or appraisal services for clients requiring these services and receive a separate commission or fee when doing so. Clients are not obligated to use these individuals for real estate services.

Board of Directors

Members of the Securities America Board of Directors also serve as board members for several of our affiliated companies. There can be a perceived conflict of interest. You should be aware that the Board of Directors does not make decisions for our firm without following the process set forth in our firm's by-laws.

Core Account Investment "Sweep" Vehicle

Each eligible brokerage account has an associated account to hold cash waiting to be reinvested. This account is called a "sweep" account because cash balances are automatically "swept" into the core account investment vehicle.

By opening an account with Securities America, you authorize us to establish a core account investment vehicle in the appropriate program. For eligible accounts, those programs are the Insured Cash Account Program and the Bank Deposit Sweep Program. For eligible advisory Individual Retirement Accounts (IRAs), the applicable core account investment vehicle is the Insured Cash Account Program. For all other eligible accounts, the core account investment vehicle is the Bank Deposit Sweep Program. Your representative can help determine if your account is eligible for one of these programs.

If your account is not eligible for either program, we provide access to other core account investment vehicles, including money market funds, to hold cash balances waiting to be reinvested. Money market funds can lose value and have done so in the past. In addition, 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.

If you do not wish to use the applicable core account 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 Securities America Advisors. We describe the Bank Deposit Sweep Program and the Insured Cash Account in more detail below.

FDIC Programs

The Insured Cash Account Program and Bank Deposit Sweep Program offer FDIC insurance (FDIC Programs). The maximum amount of FDIC insurance coverage for your deposits in the FDIC Programs is \$1.5 million (for an individual account) or \$3 million (for a joint account). Funds deposited through the FDIC Programs are not eligible for SIPC coverage. Any deposits you maintain in the same insurable capacity, outside of the FDIC Programs but with a Program Bank, are aggregated with your 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 FDIC Programs, you can expect to receive the appropriate disclosure document when you establish or fund your account and we encourage you to review it carefully.

Available cash in your account is deposited through the FDIC Programs into interest-bearing deposit accounts at one or more FDIC-insured depository institutions (i.e., the Program Banks). The list of Program Banks and current interest rates for each FDIC Program is available from your representative and on the Investors section of the Securities America website.

The FDIC Programs can also create financial benefits for our firm, our affiliates, and our clearing firms: National Financial Services, LLC, Member NYSE/SIPC (National Financial Services) and Pershing, LLC, Member FINRA, NYSE, SIPC, and a subsidiary of The Bank of New York Mellon Corporation (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.

Bank Deposit Sweep Program

Except for advisory IRAs, the Bank Deposit Sweep Program is the core account investment vehicle for eligible accounts custodied at National Financial Services and/or Pershing. The cash balance in an eligible brokerage account is automatically deposited or “swept” into the Bank Deposit Sweep Program, which uses an insured bank deposit account. Our firm may, when allowable, receive a fee from each Program Bank in connection with the respective programs. We will also pay a fee to National Financial Services, Pershing and necessary third-party vendors for the services they provide in conjunction with the program.

Insured Cash Account Program

The Insured Cash Account Program is the core account investment vehicle offered for eligible advisory IRA accounts custodied at National Financial Services and/or Pershing. Each month for any advisory IRA using the Insured Cash Account Program as the core account investment vehicle, a level administrative fee applies for the 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. 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 Insured Cash Account Program. A detailed explanation of the method for calculating interest and fees is available in the Insured Cash Account Program Disclosure Documents provided at account opening and on the Investors section of the Securities America website.

Deutsche Bank Insured Deposit Program (DBIDP)

The Deutsche Bank Insured Deposit Program was closed to new accounts in December 2017. Any legacy accounts remaining at that time were custodied at Pershing and continued to participate in the Program until converted by Pershing into the Total Bank Solutions Deposit Program. As of December 2018, all legacy DBIDP accounts have been converted to the TBSDP. The TBSDP is not available for any new accounts. Account owners whose account uses the TBSDP should refer to the disclosure document provided to them (also available upon request from Pershing or your advisor representative) for information on how the TBS Program operates.

Material Conflicts of Interest

A conflict of interest arises due to the financial incentive from offering sweep vehicles that generate third party payments to SAA's broker/dealer affiliate SAI. Since additional compensation is earned by SAI through the sweep vehicles offered, a conflict of interest also arises due to an economic benefit derived by cash balances being swept into the program rather than reinvested in other investment funds or securities. This additional compensation is in addition to the management fee that SAA receives in connection with such balances pursuant to the client's advisory contract.

In addition, a conflict of interest arises as a result of the financial incentive for SAA and SAI to recommend and offer the Bank Deposit Sweep Program that may be viewed as a proprietary product, and that generates additional compensation, up to a maximum of 300 basis points annually. The foregoing conflicts of interest are mitigated under our policies and procedures, that have been adopted for this purpose, and by the fact that the representative who makes investment recommendations for your program account does not receive any economic benefit from these payments.

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

Our Approach to Conflicts of Interest

Conflicts of interest that arise in the course of providing investment management services are described throughout this brochure, as are some of our policies and procedures designed to address specific conflicts of interest, such as our Code of Ethics and personal trading practices.

We have a compliance program in place that is intended to identify, mitigate and, in some instances, prevent actual and potential conflicts of interest, ensure compliance with legal and regulatory requirements and ensure compliance with client investment guidelines and restrictions. Our compliance program includes written policies and procedures we believe are reasonably designed to prevent violations of applicable law and regulations.

We maintain various committees, which provide oversight and review of compliance across functional boundaries including several operating committees, whose membership is comprised of personnel from the impacted business area(s). These committees receive input from compliance and legal personnel as appropriate to help ensure compliance with some of these policies and procedures. Some of the key committees (or subcommittees) supporting our compliance program efforts include those committees (or subcommittees) responsible for proxy voting, trading, best execution and new products.

Code of Ethics

We have established a Code of Ethics to comply with the requirements of Section 204A-1 of the *Investment Advisers Act of 1940* reflecting our fiduciary obligations and those of our supervised persons and requiring compliance with federal securities laws. Our Code of Ethics covers all individuals who are classified as “supervised persons.” All Securities America employees (including SAFC, SAA and SAI), SAA officers, SAA directors, SAA representatives and their associated persons are classified as supervised persons. We require our advisory affiliates and their supervised persons to consistently act in their clients’ best interests in all advisory activities. We impose certain requirements on our advisory affiliates and supervised persons to ensure they meet the firm’s fiduciary responsibilities to their clients. The standard of conduct required is higher than ordinarily required and encountered in commercial business and includes compliance with applicable federal securities laws and regulations and with the Code of Ethics. Under the Code of Ethics, supervised persons who are required to report their personal securities holdings and transactions, may be required to pre-clear certain investments or may be restricted with respect to the timing of certain investments or prohibited from making certain investment. All supervised persons are required to conduct all personal trades through designated broker/dealers unless an exception has been granted. This response is only intended to provide you with a summary description of our Code of Ethics.

This response is only intended to provide you with a summary description of our Code of Ethics. If you wish to review our Code of Ethics in its entirety, you can obtain a copy by calling us at (800) 747-6111 or writing to the RIA Compliance Department at Securities America, Inc., 12325 Port Grace Blvd, La Vista, NE, 68128.

Participation or Interest in Client Transactions

SAI, our affiliated broker/dealer, executes securities transactions on our behalf or on behalf of your representative. SAA, SAI and/or your representative can receive advisory fees and/or broker/dealer commissions for the sale of securities placed under our management. Receiving compensation from a variety of sources is a conflict of interest. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

We will process brokerage security transactions through SAI so long as we determine that executing the transactions through our affiliated broker/dealer fulfills our duty of best execution. We consider certain factors when selecting a broker/dealer and determining the reasonableness of commissions. Refer to the section titled “Brokerage Practices” for more information.

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.

Policy Regarding Engaging in Agency Cross Transactions in Advisory Accounts

It is SAA's policy to prohibit agency cross transactions where representatives act as brokers for both buying and selling a single security between two different clients and compensated through an agency commission or principal mark-up for the trades. If we adopt a different policy in this area, we will observe all rules and regulations in accordance with the disclosure and consent requirements of Section 206(3) of the *Advisers Act*. Additionally, we are aware that such transactions only occur if we ensure that we meet our duty of best execution for the client.

Policy Regarding Engaging in Principal Trading Involving Advisory Accounts

Ladenburg Thalmann & Co. (LTCO), Inc., one of our affiliates, acts as a dealer with respect to certain securities, and as such, executes transactions for SAA clients as a principal unless the account is covered under *ERISA*. Principle transactions are prohibited in *ERISA* accounts. As a dealer, LTCO receives 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 paid to SAA and its affiliates under your advisory program. Thus, SAA has a conflict of interest in deciding to execute trades through LTCO on a principal basis. SAA has policies in place to address this conflict of interest. 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, SAA has policies and procedures in place to assure clients receive best execution with respect to principal trades, regardless of whether the trade is executed by LTCO or an unaffiliated dealer.

Personal Trading

SAA, representatives and our supervised persons are allowed to buy, sell or hold a position in securities identical to the securities recommended to you, at or about the same time they or a related person buys or sells the same securities for their own or a related person's account. However, it is SAA's policy that no supervised person will put his/her interest before your interests. SAA and our representatives will not trade ahead of any client or trade in a way that causes the supervised person to obtain a better price than the price a client obtains. SAA monitors the personal securities transactions of our representatives for compliance with SAA policy relating to personal transactions and the SAA Code of Ethics.

Our Pre-Clearance and Restricted Securities Policy

Due to our affiliation with another investment company, investment advisors, and broker dealers, we maintain a Restricted and Pre-Clearance Equity List, which limits our firm and representatives' ability to transact in certain equities on your behalf in a discretionary advisory program. Your representative may not be able to place certain transactions or can experience delays in submitting certain transactions on your behalf based on any pre-clearance or pre-approval requirements implemented by the firm. The purchase or sale price of your security will vary (higher or lower) from the execution price you might receive if you placed the transaction through another investment advisor representative not affiliated with SAI and not subject to any trading restrictions. These trading restrictions are subject to change without notice.

Our Insider Trading Policy

SAA and our supervised persons can come into possession of material non-public information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, our firm and our supervised persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client. Accordingly, if SAA or our supervised persons come into possession of material nonpublic information with respect to any company, we and they are prohibited from communicating such information to, or using such information for the benefit of, our respective clients. In addition, we

and they have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, our clients when following policies and procedures designed to comply with law.

SAA and our affiliated entities have adopted an "Insider Trading Policy" in accordance with Section 204A of the *Advisers Act*, which establishes procedures to prevent the misuse of material non-public information by our firm and our supervised persons. If your representative maintains a personal investment account with another advisory firm or broker/dealer, your representative must make arrangements with that outside firm or broker/dealer to send at least quarterly statements to SAI. The representative must complete an annual certification concerning their personal securities activities and provide such additional information about personal trading activities as required under the Insider Trading Policy and the Code of Ethics. Supervised persons who violate this policy can be subject to sanctions imposed by our firm.

Our Policy Governing Contributions to Local and State Elected Officials and Candidates

SAA requires that its supervised persons seeking to make a political contribution to or volunteer for a state or local candidate, political action committee or political party pre-clear their contributions or activity through the firm. We do not require our supervised persons to pre-clear contributions to federal candidates, unless the candidate is currently a state or local government official running for federal office. However, we do require supervised persons to notify us of any contributions made to or volunteer activity done on behalf of federal candidates, political action committees or political parties. SAA and your representative are also subject to local and state pay-to-play rules in addition to federal securities rules and regulations.

Brokerage Practices

SAA typically places trades through its affiliate, SAI. SAI is an introducing broker/dealer clearing through National Financial Services and Pershing and/or Fidelity Institutional Wealth Services depending on the advisory program utilized for your account. SAA, SAI or another affiliated company has an agreement to introduce customer accounts to these clearing firms on a fully disclosed basis. In exchange, these firms provide clearing and execution services for transactions executed for SAA customers. On SAA's behalf, SAI approves and opens accounts and accepts securities order instructions with respect to the accounts. Brokerage transactions are then processed by SAI and cleared by National Financial Services or Pershing. In the Participant Retirement Program, transactions are cleared by Fidelity Institutional Wealth Services. National Financial Services, Pershing and Fidelity Institutional Wealth Services are not affiliated with SAA or SAI. SAA and SAI do not act as a custodian for any account and generally do not maintain custody of client funds or securities. Outside custodians, including the clearing firms indicated above, maintain custody of all funds and securities.

SAI receives substantial indirect clearing and custodian compensation ("Credits") from Pershing and NFS that are based on the number of accounts and/or account assets held by our advisory clients at the Clearing Firms. These Credits are used to offset SAI's general operating expenses. Compensation received consists of a fixed dollar amount and percentage of total assets held in brokerage accounts.

In addition, certain custodian fees apply to your account where SAI (in their capacity as a broker-dealer) applies a markup. Please refer to Firm's website at www.securitiesamerica.com under Investor/Investor Information for the Pershing and NFS brokerage fee schedules for more information regarding custodial fees.

We have also entered into agreements with various insurance companies that allow for managing and valuation of client's variable annuity accounts within the Managed Opportunities Advisor Managed Programs and certain other advisory programs as well as accounts created through our providing retirement plan advisory services. Fixed and fixed indexed annuities can be linked to your Managed Opportunities Program accounts but are excluded from fee billing calculations as well as management and/or valuation services. Linking these types of annuities to your accounts allows you to view them in conjunction with your advisory account. The insurance company custodians maintain custody of all variable annuity accounts. SAA and SAI do not act as a custodian for any account.

Selecting Brokerage Firms

We recognize your unrestricted right to select and choose any broker or dealer you wish, except in situations where SAA or a recommended manager is given discretionary authority over your account. We will process brokerage security transactions through SAI, our affiliated broker/dealer, so long as we determine that executing the transactions through SAI fulfills its duty of best execution. Refer to the section titled “Best Execution” for information as to the factors considered by our firm when selecting a broker/dealer.

Stocks, bonds and other securities can be traded in managed accounts and are subject to normal spreads, mark-ups and mark-downs paid to market makers of those securities. SAI does not make markets in securities. SAI and our firm do not receive any portion of the spreads, mark-ups or mark-downs.

Transaction charges can apply to securities sales, purchases and exchanges. However, your advisor cannot receive both an advisory fee and a commission on an asset within your account. The charges vary for mutual funds, variable products, stocks, bonds and option transactions. Factors that determine transaction charges include size of purchase, type of transaction, mutual fund family, variable product sponsor, the representative involved and processing method (on-line/phone/systematic). Full transaction charges cannot apply to certain transactions associated with mutual fund product sponsors participating in the Strategic Partners Program. At the representative's discretion, he/she can pass these transaction charges to you.

For more information on these transaction charges or commissions, please ask your representative or visit www.securitiesamerica.com under Investors/Investor Information.

Best Execution

SAA processes brokerage security transactions through SAI, an affiliated broker/dealer. We will continue to utilize SAI so long as we determine executing the transactions through this affiliate fulfills our duty of best execution. Some factors reviewed when determining best execution include but are not limited to:

- Access to markets dependent on the type of security
- Speed of execution
- Execution price of the security
- Ability to obtain price improvement
- Electronic download of trades
- Efficiencies achieved in utilizing integrated front and back office technology systems
- A dedicated service team
- Electronic download of duplicate statements, and confirmations
- The ability to deduct advisory fees directly from client accounts

We will exercise reasonable diligence to ensure best execution is obtained for all clients when implementing any client transaction. On SAA's behalf, SAI conducts trade reviews to determine the duty of best execution is being met by its trade execution and clearing firms.

Soft Dollars

SAA does not receive research or other products or services (i.e., soft dollar benefits) other than execution from a broker/dealer or third-party for client securities transactions.

Brokerage for Client Referrals

We pay a set commission rate on trades for securities traded with a commission. We do not negotiate commissions on a trade-by-trade basis or directed brokerage basis.

Order Aggregation

SAA representatives generally manage client portfolios independently of one another based on the specific needs and objectives of each client portfolio. Due to this, client transactions are often executed separately. While not required by firm policy, SAA and your representative can aggregate client transactions or allocate orders. Mutual funds held in client accounts do not lend themselves to aggregation because the purchase or sale price is based on the net asset value of the mutual fund. To the extent other securities are purchased that lend themselves to aggregation or block trading (e.g., stocks or exchange traded funds), SAA and your representative aggregate client transactions or allocate orders whenever possible. SAA and your representatives will allocate trades to advisory clients in a fair and equitable manner that will be applied consistently to all clients. Personal accounts of representatives, associated persons and family members will not be treated more favorably than any other client account. You should be aware that if an order is not aggregated, you can pay higher brokerage costs.

In many instances, order aggregation can result in lower commissions, a more favorable net price or a more efficient trade execution. When trades are not aggregated, you may not receive the benefits previously mentioned and, as a result, pay a higher transaction cost than if you executed the transaction elsewhere. However, there can be instances in which order aggregation results in a less favorable transaction than might have been obtained for you by trading the security separately.

Handling Trade Errors Made by SAA or a Representative

If SAA or our supervised persons make a trade error in your account, the error will be corrected and your account will be restored to where it would have been had the trade error not occurred. Any profit or loss from the trade correction will be maintained by our firm.

Review of Accounts

Frequency of Account Reviews

Managed Opportunities Program accounts and other investment advisory agreements (where SAA or the representative is the advisor) are reviewed as needed, as required and as appropriate by SAA supervisors (SAI principals) and your representative. The nature and timing of the reviews vary by your representative. In all accounts, reviews are conducted at least annually.

Review Triggers

Factors triggering an account review include material market, economic or political events, changes in your financial or personal situation or performance of the account in general.

Reports and Account Statements

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

To the extent you receive performance reports, we urge you to compare performance reports received with account statements received from the custodian. Inquiries or concerns regarding the account, including performance reports, should be directed to the representative at the phone number listed on the account statement. Performance information

provided by your representative is believed to be accurate but cannot be guaranteed. Your representative can include variable annuity account position information within performance reports. Neither our firm nor your representative can guarantee the accuracy of fund values, securities and other information obtained from third parties.

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

We review the performance information in Managed Opportunities Program accounts to determine its accuracy. Performance information provided by us is believed to be accurate but cannot be guaranteed. We do not guarantee the accuracy of fund values, securities' values and other information obtained from third parties.

Accounts not receiving reports from our firm will be reviewed and monitored at the discretion of the representative assigned to the account or the independent investment advisor firm, their representatives and money managers handling the accounts. No other parties review accounts for accuracy of performance information. These individuals are available to answer your questions and to review an account at your request.

For retirement plan advisory services accounts, representatives can furnish to the plan sponsor consolidated performance reports of the model portfolios in the plan at least quarterly. Such reports are provided in accordance with the services agreed upon by the representative and the plan. When such services are contracted for, plan portfolios are reviewed as needed and as appropriate by your representative and also as required by SAA supervisors (SAI principals). Review triggering factors can include material market, economic or political events.

Client Referrals and Other Compensation

Incoming Referrals – Our Use of Solicitors/Payment of Referral Fee

We enter into agreements with solicitors (referring parties) to refer clients to us. The referral agreements between our firm and referring parties are designed to comply with SEC regulations set out in 17 CFR Section 275.206(4)-3. If a referred client enters into an investment advisory agreement with our firm, a cash referral is paid to the referring party (e.g., solicitor). Written disclosure regarding the referral fees we pay is provided to you prior to or at the time of entering into our investment advisory or financial planning agreements. The disclosed referral fee is payable to the referring party for the duration of SAA's advisory relationship with you, whether or not our investment or trading strategies, or your investment objectives, change over time. We will have no further referral fee obligation if the referring parties' representations and warranties outlined in our referral agreement become inaccurate or untrue, or if our investment advisory agreement with you is terminated for any reason. In those states that require solicitors to be licensed or filed as a registered investment advisor, we require the solicitor to be licensed or filed under our registration.

The compensation to be paid in connection with these agreements is subject to negotiation between our firm, the representative, and the referring party. The referral agreements between any referring party and our firm do not result in any charges to you in addition to the normal level of advisory fees charged. However, these situations create a conflict of interest because the referring party has a financial incentive to recommend one SAA Program over another or over other investment advisors and broker/dealer programs, products and services. The representative or an independent investment advisor firm recommending our programs receives compensation as a result of your participation in our programs.

Fees for investment management can be more than the cost of purchasing the same services separately. You might also be able to obtain similar services for a lesser fee from other advisors. The fees charged vary among investment management services. The amount of compensation a representative receives in a particular program can be more than would be received if you participated in other programs or paid separately for investment advice, brokerage and other services. In addition, the compensation a representative receives for recommending one program portfolio option

over another portfolio option varies. For example, recommending one Managed Opportunities Program Portfolio over another portfolio within the Managed Opportunities Program creates a financial incentive for our firm and representative. Your representative has no obligation to promote or use one money manager over another. You have no obligation to engage these individuals when considering implementing advisory recommendations. You are free to select any broker/dealer you wish to implement recommendations and execute transactions. You are able to purchase the same investment product from a non-affiliated broker or implement securities transactions without the advisory services offered by your representative. In that case, you would not receive the services provided by your representative.

In addition, we can award separate non-cash compensation to representatives, the independent investment advisor firms and the independent investment advisor representative for client referrals.

Outgoing Referrals - SAA as Solicitor for Other Investment Advisors/Receipt of Referral Fee

We have entered into solicitation agreements with independent third-party investment advisors, pursuant to which our firm, the independent investment advisor firm and the representative receive solicitation compensation from the third-party investment advisor in return for referring accounts. SAA's broker/dealer affiliate, SAI, and the representative, in his or her capacity as a registered representative, serves as broker/dealer and/or representative of record on accounts managed by the independent third-party investment advisor. In such case, SAI and the representatives can receive compensation (e.g., commissions) from the sale of mutual funds, exchange traded funds or variable annuities in such accounts. This compensation is in addition to the solicitor fee paid by the third-party investment advisor.

We have established a relationship with Ladenburg Thalmann Asset Management's \$ymbil program. The \$ymbil program is described in detail above.

We have established a relationship with Hanson McClain Retirement Network, LLC (HMRN), a registered broker/dealer and investment advisor. The associated persons of HMRN provide consultation and marketing support services to the representative to assist representatives in obtaining more clients. As a result of this relationship, SAA pays HMRN a portion of the fees from any clients obtained as a result of the services provided by HMRN.

You should be aware SAA and your representative receive solicitor/referral fees for recommending certain portfolios to you. Therefore, a conflict of interest exists because these circumstances result in your representative having a financial incentive to recommend one portfolio over another. However, it is our policy that portfolios will be selected and recommended to you based on your individual needs, goals and objectives. Your representative is not obligated to sell any particular product or to meet any selling quotas related specifically to these products. You are not obligated to engage the representative when considering implementation of advisory recommendations. You are free to select any broker/dealer you wish when implementing recommendations and executing transactions. You can purchase the same investment product from a non-affiliated broker or implement securities transactions without the services offered by your representative. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

Lead Generation Programs

Some of our representatives utilize the services of lead generation or business development firms. Generally, prospects will contact that firm directly or online and receive the names of several financial service providers in the prospect's area. The prospect then reviews the list and makes a decision whether or not to contact a selected financial service provider. The firm does not provide the prospect any advice or recommendations concerning the list of advisors. Typically, advisors pay a subscription or membership fee to be included in the firm's network or association. In addition, some firms provide marketing resources.

Other Compensation

SAA or our affiliated broker/dealer, SAI, form alliances and networking and referral arrangements with financial institutions such as community banks, credit unions, credit union service organizations and farm credit services (Third-Party Financial Institutions). These alliances and arrangements allow representatives to offer financial planning

services and certain other non-deposit investment and insurance products and services, to customers/members of those Third-Party Financial Institutions. Our firm leases space in selected branches of the Third-Party Financial Institutions and then sub-lease it to your representative if he or she conducts business from these locations. As a result of these alliances or networking arrangements, your representative may not be able to offer certain products that are otherwise available through our firm. Also as a result of these alliances or networking arrangements, Third-Party Financial Institutions can receive compensation representing payment for the use of the facilities and equipment of the Third-Party Financial Institutions. Compensation is in the form of a program support or rent payment and/or a portion of advisory fees or securities and insurance commissions paid to representatives for sales to customer/members of the institutions.

These relationships create compliance issues relative to consumer protection. The joint guidelines of regulators of the depository institution call for at a minimum written and verbal disclosure at or prior to the time securities products are purchased or sold. Also, the securities products:

- Are not insured by the Federal Deposit Insurance Corporation or National Credit Union Share Insurance Fund, the Federal Deposit Insurance Corporation, the National Credit Union Administration or any other federal or state deposit guarantee fund or other government agency;
- Are not endorsed or guaranteed by the bank or credit union or their affiliates;
- Are not deposits or obligations of the depository institutions and are not guaranteed by the depository institutions;
- Are subject to investment risks, including possible loss of principal invested.

SAI also receives reimbursement from the clearing firms it uses, for all or a portion of any asset transfer fees you incur upon the transfer of accounts from other clearing providers. SAI retains all or a portion of such reimbursements or, at its discretion, passes through all or a portion of such reimbursements to you and/or its representatives.

Your representative has an incentive to join and remain affiliated with Securities America through certain compensation arrangements which include bonuses, enhanced pay-outs, forgivable loans and/or business transition loans. Furthermore, there can production goals associated with the recommendation of a transaction from your representative. Receiving such compensation is considered to be a conflict of interest. We encourage you to review this ADV closely and discuss any conflicts of interest with your representative.

We offer incentives to your SAA representative for meeting certain production levels above and beyond compensation they receive for providing products and services through Securities America. Receiving incentives is considered a conflict of interest. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

Our firm, our officers and our representatives receive reimbursements from marketing and distribution allowances, due diligence fees and travel expenses. Other compensation or reimbursement is also received 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 our firm or your representatives relating to the promotion or sale of the program sponsor's products or services.

Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or it is anticipated sales will be made.

To help cover or defray the costs of transitioning from another registered investment advisor to SAA, our representatives are eligible to receive various forms and amounts of transition assistance. Such transition assistance includes a promissory note loan, rent, technology services and equipment, legal expenses, administrative support,

termination fees associated with moving accounts, and regulatory services, with such transition assistance based on production, reimbursement of fees, free or reduced-cost marketing material, attendance to conferences and events, or access to preferred pricing.

Securities America issues payments in the form of loans to representatives which are forgivable based on years of service or the extent of their production. This practice creates a conflict of interest because the representative has a financial incentive to recommend a client engage SAA for advisory services in order for the loan to be forgiven. However, if you engage SAA for an advisor managed account, your representative will obtain the necessary financial data from you, assist you in determining the suitability for the advisor managed account and help you set appropriate investment objectives. Your representative will then be able to purchase and sell securities in accordance with your investment objectives. SAA periodically reviews advisory accounts to ensure suitability and adherence to investment objectives. Please consult with your representative if you have questions regarding this issue.

SAA, SAI, and AGHI maintains revenue sharing arrangements with certain mutual funds, variable insurance products, fixed insurance products, direct participation programs, alternative investments, 529 plans, unit investment trusts (UITs) (all preceding products referred to as "Packaged Product" or "Packaged Products") and third party money managers. The Packaged Products providers and third party money managers are hereinafter referred to as ("Strategic Partner" or "Strategic Partners"). Strategic Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Strategic Partners have more opportunities than other companies to market and educate our Advisory Representatives on investments and the products they offer.

In addition to customary sales charges, AGHI and SAI receive compensation ("revenue sharing payments") from its Strategic Partners. Revenue sharing payments are typically calculated as a fixed fee or as an annual percentage of the amount of assets held by clients, or as a percentage of annual new sales, or as a combination of both. Strategic Partners pay SAI differing amounts of revenue sharing, for which the Strategic Partner receives different benefits.

A conflict of interest exists in that we are paid more revenue sharing fees if you purchase one type of product instead of another and/or you purchase a product from one particular sponsor instead of another. Your Advisory Representative also indirectly benefits from Strategic Partner payments when the money is used to support costs relating to product review, marketing or training, or for waiver of ticket charges. Your Advisory Representative does not receive any compensation associated with revenue sharing payments.

SAI will update information regarding Strategic Partners, Third Party Money Managers and other firms who participate in revenue sharing arrangements with SAA, SAI, and AGHI on its website on a regular basis. For additional information regarding the specific firms, details, and fees/compensation, please refer to www.securitiesamerica.com under Investors/Investor information/Revenue Sharing and Other Compensation.

In addition to reimbursement of training and educational meeting costs, SAA and its Advisory Representatives receive promotional items, meals or entertainment or other non-cash compensation from representatives of Third Party Money Managers, mutual fund companies, insurance companies, and Alternative Investment Products, as permitted by regulatory rules. Additionally, sales of any mutual funds, variable insurance products and Alternative Investment Products, whether or not they are those of Strategic Partners, can qualify financial advisors for additional business support and for attendance at seminars, conferences and entertainment events. A conflict of interest exists because these types of cash and non-cash compensation provide a financial incentive for Advisory Representatives to recommend investment products and advisory services in general to receive these benefits. From time to time, some non-Strategic Partners attend Broker-Dealer sponsored meetings for a fee.

Custody

Generally, SAA and SAI do not act as custodian for any account. Outside custodians maintain custody of all funds or securities. SAA is deemed to have custody of your funds or securities because of our authority to directly deduct

advisory fees from your accounts within the programs described above. In addition, SAI, our affiliated broker/dealer, serves as an introducing broker/dealer and collect physical stock certificates or engage in certain asset transmittal practices such that we can be deemed to have custody of such assets. SAI is deemed to have limited custody of your assets by giving you the ability to transfer funds between accounts you own titled in the same name; or if you specifically request it, transferring funds between accounts you own titled in different names. SAI is also deemed to have limited custody by giving you the ability to have funds sent from your account to your address of record or, if you specifically request, to some other address. Because SAI maintains limited custody of our client assets as described above, SAA is required by SEC regulation to undergo an examination at least annually by a qualified independent public accountant. Additionally, SAA must undergo an independent verification of client assets under its control.

Account Statements

You receive account statements from investment sponsors, brokerage firms, insurance companies and other money managers at least quarterly. You can also receive monthly account statements from investment sponsors, brokerage firms, insurance companies and other money managers monthly if there is any activity in your account. We have verified each custodian or investment provider we use for our investment management services is a qualified custodian and provides statements to clients directly at their address of record at least quarterly. We encourage you to carefully review your account statement.

Performance Reports

If you receive performance reports from your representative, we urge you to compare the account statements received directly from their custodians to the performance report statements provided by our firm or your representative. Inquiries or concerns regarding your account, including performance reports, should be directed to SAA, the independent investment advisor firm or your representative.

Investment Discretion

All Managed Opportunities accounts are managed on a limited discretionary trading authority basis. This means your representative has the authority to determine, without obtaining your specific consent, the securities to be bought or sold, the amount of the securities to be bought or sold and when to buy or sell those securities. Upon receiving written authority to engage in limited trading authority on your behalf, SAA and your representative will commence engaging in discretionary trading transactions. Discretionary trading authority facilitates placing trades in your accounts on your behalf so that SAA and your representative can promptly implement the investment policy you have approved in writing.

Any limitations you place on this discretionary authority should be included in the written authority statement. You can change/amend these limitations as required by submitting a written amendment.

Representatives can enter into separate investment advisory agreements with you to provide investment management services outside of our Managed Opportunities Program. You can grant the representative written authority to manage assets on a limited discretionary basis to buy and sell securities and investments according to your stated investment objectives.

Account Authorization for Managed Opportunities

The following describes each of the investment strategy options available to clients under the Managed Opportunities Portfolios Program, including the nature of granting discretionary authority with respect to each option selected by client.

When executing a Managed Opportunities Program client agreement, you grant us discretion to select one or more sub-advisors, including those providing administrative, website, performance reporting, transaction order entry and other services to you and our firm. You grant us and any sub-advisor selected by our firm limited discretionary trading authority with respect to the purchase and sale of securities in the Master Account, Strategist Fund Portfolios, Separately Account Portfolios, Unified Managed Accounts and Advisor Managed Portfolios and appoint us and any

sub-advisor selected by our firm as your agent and attorney-in-fact with respect to the trading authorization. In some programs, discretionary authority to select a broker and to negotiate commissions is typically given to the recommended manager (not available in the Managed Opportunities Advisor Managed Programs).

When executing a Managed Opportunities Program client services agreement, you acknowledge that the composition of any of the Managed Opportunities portfolios can change from time to time causing the portfolio to become more conservative or more aggressive and that such changes are a normal part of the investment management process. Unless a sub-advisor notifies us of a change in the fundamental investment objectives of a portfolio, our firm and/or your representative will not notify you of such changes or take action to change the investment portfolio selected for you. The initial portfolio or portfolios selected for you are explained on a "Managed Opportunities Program Investment Strategy Summary" document. Any changes to the initial portfolio(s) selection are reflected in a verification update letter mailed to you.

Voting Client Securities

Generally, SAA delegates proxy voting for our Managed Opportunities Strategist Fund Portfolios, Separately Account Portfolios and Unified Managed Account Portfolios to Envestnet or to the sub-manager to whom it allocates client assets. You can specifically choose not to grant such authority. To retain the proxy voting authority you must complete the Managed Opportunities Program Additional Instructions Form indicating that you wish to receive all proxy notices.

SAA acknowledges our fiduciary obligation to ensure any proxies for which Envestnet or the sub-manager are responsible are voted solely in the best interests of the client. Both designees have developed appropriate principles, policies and procedures to ensure proxies are voted in this manner. Generally, Envestnet and/or the sub-manager use a neutral third party that issues recommendations based on its own internal guidelines. This policy is in place to limit conflict of interest issues. Both have policies designed to identify and resolve any such issues.

You can request information on how your account proxies were voted or request a copy of SAA's proxy voting procedures, Envestnet's proxy voting procedures or a copy of the sub-manager's proxy voting procedures by contacting SAA in writing or by phone at:

Securities America Advisors, Inc.
12325 Port Grace Blvd.
La Vista, NE, 68128
Attention: RIA Compliance
(800) 747-6111

Other than the specific Managed Opportunities Program Portfolios described above, our firm and representatives will not perform proxy voting services on behalf of clients in any other program. If the account is for a pension or other employee benefit governed by *ERISA*, the right to vote proxies is expressly reserved for the plan's trustees or other plan fiduciary and not our firm. All proxy notices will be sent directly to you. You should read through the information provided with the proxy materials and decide how you choose to vote. Upon your request, and at their discretion, representatives provide a recommendation or clarification based on their understanding of issues presented in the proxy materials but you are solely responsible for all proxy voting decisions.

Financial Information

We do not have any financial impairment that will preclude us from meeting our contractual commitments to you. We do not serve as a custodian for your funds or securities. At no time will fees of more than \$1,200 be charged six or more months in advance of services being provided by our firm or a representative. On our behalf, our affiliated broker/dealer, SAI, has established policies and procedures designed to prevent the collection of fees greater than \$1,200 six or more months in advance of services being provided. As such, a balance sheet is not required to be provided to you at this time.