

MODEL WEALTH PORTFOLIOS (MWP)
PROGRAM BROCHURE

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This program brochure provides information about the qualifications and business practices of LPL Financial ("LPL"). If you have any questions about the contents of this brochure, please contact LPL at lplfinancial.adv@lpl.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about LPL also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 1 COVER PAGE

ITEM 2 MATERIAL CHANGES

The following is a summary of certain changes made to this Brochure from the time of the annual update of the Brochure dated March 29, 2019. The Brochure was updated to add as a portfolio strategist Equitable Investment Management, an affiliate of AXA Advisors, LLC, made available through the Program at their request. Items 6 and 9 were updated to provide more information regarding collateralized lending available through LPL and related risks and conflicts of interest if a client decides to participate, as well as to include disclosure regarding the ability to seek secured loans with banks outside of LPL's program. Item 9 was updated to indicate compensation LPL receives when a customer opens a credit card through a partner bank. Item 9 was also updated to provide information regarding disciplinary events, involving (i) a consent order with the Commonwealth of Massachusetts ("MA"), Securities Division, in connection with LPL's failure to timely register (or maintain the registration of) certain agents in MA and failure to amend Forms U4 and U5 for certain agents registered in MA, and (ii) FINRA sanctions in connection with LPL's failure to establish, maintain, and enforce supervisory systems and procedures to take into account changes in the authority of custodians of accounts established under the Uniform Gifts to Minors Act and/or the Uniform Transfers to Minors Act.

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ITEM 4 SERVICES, FEES AND COMPENSATION

Services

LPL sponsors various types of advisory programs, including wrap fee programs and mutual fund asset allocation programs. LPL makes these programs available to clients directly and also through third party investment advisor firms, including Equitable Advisors ("Advisor") ("Equitable Advisors," or "Equitable Financial Advisors" in MI and TN, is the brand name for AXA Advisors, LLC) and its associated persons. On or around June 15, 2020, AXA Advisors, LLC will be formally renamed "Equitable Advisors, LLC." This Brochure provides a description of LPL's Model Wealth Portfolios ("MWP") program when offered through an Advisor. For more information



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about LPL’s advisory services and programs other than MWP, please contact LPL or your Advisor for a copy of a similar brochure that describes such service or program or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The MWP program is a managed mutual fund and exchange-traded fund (“ETF”) asset allocation program in which LPL and Advisor provide ongoing investment advice. The Advisor, through its designated investment advisor representative (“IAR”), obtains the necessary financial data from the client, assists the client in determining the suitability of the program and assists the client in setting an appropriate investment objective. The Advisor, or the client with the assistance of the Advisor, selects a model portfolio of funds (“Portfolio”) designed by LPL’s Research Department, a third party investment strategist or Advisor, through its IAR (each, a “Portfolio Strategist”) consistent with the client’s stated investment objective. The Advisor provides ongoing advice on the selection or replacement of a Portfolio based on the client’s individual needs. The Advisor, or the client with the assistance of the Advisor, may choose more than one Portfolio to be managed within a single MWP account. If client authorizes Advisor to take discretion to select Portfolios on behalf of client, such authority will be set out in the Account Agreement and Application signed by the client.

The Portfolio Strategist is responsible for selecting the mutual funds and/or ETFs within a Portfolio and for making changes to the funds selected. LPL has discretion to buy and sell securities in the account according to the Portfolio selected and liquidate previously purchased securities that are transferred into the account. Exchange-traded notes (“ETN”) and closed-end funds may also be purchased in an account. The client authorizes LPL to have discretion by executing the Account Agreement and Account Application.

Except for LPL, the Portfolio Strategists are independent investment advisor firms. Portfolio Strategists provide LPL on an ongoing basis with a Portfolio that includes recommended asset allocations and funds. LPL enters into an agreement with the Portfolio Strategist for these Portfolio services. Except for LPL and Advisor, the Portfolio Strategist does not have discretion from the client to implement the Portfolio and does not provide individualized investment advice to specific program clients. In certain cases, a Portfolio may consist primarily or only of mutual funds and/or ETFs within the same fund family or within affiliated fund families. These model portfolios are easily identifiable since the name of the fund family is generally included in the name of the model portfolio. In such a Portfolio, the Portfolio Strategist will select at least a majority of funds within that fund family or affiliated fund families, and that third-party Portfolio Strategist or its affiliates earns two levels of fees with respect to the assets: a strategist fee and fund-level fees, including fund management fees.

LPL acts as the overlay portfolio manager (“OPM”) in coordinating the trades in the account and performing tax harvesting services. LPL expects to closely track the Portfolios, applying discretion only to redress particular account issues, including tax rebalancing, loss harvesting, tracking error from the Portfolio, customized requests, and investment restrictions placed on the account. LPL as the OPM is responsible for rebalancing accounts in accordance with the allocations in the Portfolio. LPL will review an account to determine if rebalancing is appropriate based on the frequency selected by the client at account opening or as altered by the client through Advisor from time to time. The choices for frequency of rebalancing review are quarterly (four times per year), semiannually (two times per year) or annually (once per year). At each rebalancing review date, LPL will rebalance the account only if at least one fund position is outside a pre-determined range, subject to a minimum transaction amount established by LPL in its discretion. In addition, LPL will review an account for rebalancing in the event that the Portfolio Strategist changes the allocation targets.

LPL, at the request of the client through Advisor, performs tax harvesting. In such case, proceeds of tax-related transactions may be held in cash until appropriate wash sale periods have expired. Once the wash sale period has expired, the related proceeds will be invested according to the current targeted allocation for the Portfolio. In addition, LPL may delay placing rebalancing transactions for non-retirement accounts by a number of days, to be determined by LPL, in an attempt to limit short-term tax treatment for any position being sold. Under certain conditions, LPL also will accommodate requests for all or a portion of an account to remain allocated to cash for a period of time. Such customized requests and requests for changes to or withdrawals from the Portfolio(s) selected may take up to 5 days to process, and may take longer in certain circumstances.

In connection with the program, LPL also acts as custodian to accounts, provides research information to Advisor, provides brokerage and execution services as the broker-dealer on transactions, and performs administrative services, such as performance reporting to clients.



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### Fee Schedule

In the MWP program, clients pay the following fees (collectively, the “Account Fee”):

**Advisor Fee.** The Advisor Fee is an annual fee for the investment advisory services of the Advisor and its IAR that is set out in the Account Application. The Advisor Fee is a straight percentage based on the value of all assets in the account, including cash holdings. The Advisor Fee will not exceed 2.00%. The Advisor Fee is negotiable and is shared between LPL, the Advisor and the IAR. LPL shares up to 100% of the Advisor Fee with the Advisor based on the agreement between LPL and the Advisor.

**Strategist Fee.** Depending upon the model selected for the account, clients will pay a fee for the model portfolio design services of a Portfolio Strategist. This fee presently ranges from 0% to 0.25%. A list of the current models and their associated fee rates are set out below. For Portfolios designed by Portfolio Strategists other than LPL and Advisor, LPL pays all or a portion of the Account Fee to the Portfolio Strategist.

Portfolio Strategist	Fee Rate
LPL Financial Research	0.00%
Advisor	0.00%
AB*	0.00%
Natixis Advisors (f/k/a AlphaSimplex Group)	0.00%
BlackRock	0.00% for all strategies except the Tactical ETF at 0.15%
Brinker Capital	0.00%
Calvert Research and Management	0.00%
Columbia Threadneedle	0.00%
Cougar Global Investments	0.20%
Equitable Investment Management*	0.00%
Innealta Capital	0.20%
J.P. Morgan Asset Management	0.00%
Morningstar Investment Services	0.00% – 0.15%
PIMCO	0.00%
PST Advisors**	0.25%
Russell Investments	0.00%
Goldman Sachs Asset Management (f/k/a S&P Investment Advisory Services)	0.16%
State Street Global Advisors	0.15%

\* AB and Equitable Investment Management are affiliates of Advisor. “Equitable Investment Management” is the brand name for AXA Equitable Funds Management Group, LLC, which among other things serves as investment advisor to the 1290 Funds.

\*\* PST Advisors is not affiliated with Advisor but certain of its IARs are principals of PST and may be compensated both as a strategist and as a financial professional on the Account.



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**LPL Program Fee.** Clients will pay a fee for the investment advisory, administrative, trading and custodial services of LPL according to the schedule set out below, and depending on the investment model selected for the account.

Model Allocation Value	Program Fee A	Program Fee B
\$0 – \$99,999	0.35%	0.45%
\$100,000 – \$749,999	0.25%	0.35%
\$750,000 – \$1,249,999	0.20%	0.30%
\$1,250,000 – \$4,999,999	0.18%	0.28%
\$5,000,000 – \$24,999,999	0.13%	0.23%
\$25,000,000 +	0.08%	0.18%

Please note that if the Account includes more than one model, the applicable Strategist Fee and Program Fee rate applies to the assets invested in that model. LPL reserves the right to increase the upper limit of the Strategist Fee range and Program Fee range upon 30 days' prior notice to clients. If the client changes the model selected for the Account, or if the model investment value changes, the aggregated Account Fee may increase or decrease, depending on the applicable Strategist Fee and the LPL Program Fee level.

### Legacy Fee Structure

Accounts remaining under the legacy fee structure (those Accounts opened before January 1, 2016 that have not converted to the new fee structure described above) are charged one aggregate Account Fee, which was negotiated between the client and the Advisor and set out in the Account Application. This aggregate Account Fee is a straight percentage based on the value of all assets in the account, including cash holding. The maximum aggregate Account Fee is 2.50%. The Account Fee is paid to LPL, and LPL retains the LPL Program Fee pursuant to the schedule set forth above. For Portfolios designed by Portfolio Strategists other than LPL and Advisor, LPL pays a portion of the Account Fee to the Portfolio Strategist. LPL shares up to 100% of the remaining portion of the Account Fee with the Advisor based on the agreement between LPL and the Advisor.

The portion of the Account Fee paid to the Portfolio Strategist is negotiated between LPL and the Portfolio Strategist and ranges from 0.00% to 0.20% as set forth in the schedule above. The fee rates charged by Portfolio Strategists vary based on the Portfolio selected. The Advisor when determining the Account Fee may factor in any Portfolio Strategist fee, and the Portfolio Strategist fee may result in a higher Account Fee to the client. In providing ongoing advice and management for the account, the Advisor may recommend or select a Portfolio that would result in the Advisor's retaining more or less of the Account Fee than it would if another Portfolio were recommended or selected.

### How the Account Fee is Charged

LPL deducts the Account Fee and other fees and charges associated with an MWP account from the account. LPL calculates and deducts the Account Fee in the method described in the Account Agreement, unless other arrangements are made in writing. If a client wishes to be billed for the Account Fee, rather than a deduction directly from the account, the client needs to make a request to LPL through the Advisor.

### Payment in Advance and Refund of Pre-Paid Fees

LPL deducts the Account Fee quarterly in advance. If the Account Agreement is terminated before the end of the quarterly period, LPL will pay the client a pro-rated refund of any pre-paid quarterly Account Fee based on the number of days remaining in the quarter after the termination date. However, if the account is closed within the first six months by the client or as a result of withdrawals that bring the account value below the required minimum, LPL and Advisor reserve the right to retain the pre-paid quarterly Account Fee for the current quarter in order to cover the administrative costs of establishing the account (for example, the costs related to transferring positions in and out of the account, data entry in opening the account, reconciliation of positions in order to issue performance information, and re-registration of positions). After the termination date, LPL may



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convert the account to a brokerage account. In a brokerage account, client is charged a commission for each transaction and LPL and Advisor have no responsibility to provide ongoing investment advice.

### Other Types of Fees and Expenses of LPL

In addition to the Account Fee, clients also pay LPL other additional miscellaneous administrative and custodial-related fees and charges that apply to an MWP account. LPL notifies clients of these charges at account opening and makes available a current list of these charges on its website at [lpl.com/disclosures.html](http://lpl.com/disclosures.html). These miscellaneous fees are not directly based on the costs of the transaction or service by LPL, may include a profit to LPL, and certain of the fees may be lowered or waived for certain clients. These fees may be changed by LPL.

### Fees Charged by Third Parties

There are other fees and charges that are imposed by third parties other than LPL that apply to investments in MWP accounts. Some of these fees and charges are described below. In MWP, assets are invested in mutual funds or ETFs and, therefore, there are two layers of advisory fees and expenses for those assets. As a shareholder of a fund, Client will pay an advisory fee to the fund manager and other expenses charged by the fund. In the case of mutual funds that are funds of funds, there could be an additional layer of fees, including performance fees that vary depending on the performance of the fund. Client will also pay LPL and Advisor the Account Fee with respect to assets invested in mutual funds and ETFs. The mutual funds and ETFs available in the program can be purchased directly outside of the Program. Therefore, clients could generally avoid an additional layer of fees by not using the advisory services of LPL and Advisor and by making their own decisions regarding the investment.

Clients should understand that in many cases the mutual funds and mutual fund share classes offered through the Program charge higher fees and expenses than those that are not offered through the Program, and such other mutual funds and share classes may be equally or more appropriate for a client's account. As discussed below, a portion of the fees and expenses charged by certain mutual funds in the Program will be paid to LPL. Other financial services firm may offer the same mutual funds that are offered through the Program but at lower overall costs to investors than the costs that clients incur by investing through the Program.

Clients should also understand that in many cases the share class offered for a particular mutual fund available through the Program (the "Program Share Class") charges higher fees and expenses than other share classes that are offered by the same fund but are not available through the Program. Program Share Classes are selected by LPL, in certain cases, because the mutual funds pay to LPL a portion of the fees and expenses charged by Program Share Classes as compensation for the administrative and recordkeeping services LPL provides with respect to LPL clients who invest in the Program Share Classes, as discussed below under "Participation or Interest in Client Transactions."

If client transfers into an MWP account a previously purchased mutual fund, and there is an applicable contingent deferred sales charge on the fund, client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if a redemption is made within a specific time period after the investment, client will be charged a redemption fee. Depending on the share class and fee structure of the previously purchased mutual fund, LPL can receive fees such as 12b-1 fees from the previously purchased mutual fund until the position is liquidated and subsequently invested according to the MWP model. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). Decisions regarding the sale of mutual funds in an account may be made by LPL without regard to whether a client will be assessed a redemption fee. Clients can find more information regarding the fees and expenses of a mutual fund or ETF in the fund's prospectus, which is available upon request from the Advisor or directly from the fund.

When transferring securities into the account, client should be aware that certain securities may not be eligible for the account. In such case, the securities may be rejected, sold after the transfer, or moved to a brokerage account. Note that when an ineligible security is transferred into an account and subsequently sold or moved to a brokerage account, the advisory fee will be charged on such asset for the period of time the security was held in the account.

Client should be aware that securities transferred into an account may have been subject to a commission or sales load when the security was originally purchased. After transfer into an MWP account, client should understand that an advisory fee will be



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charged based on the total assets in the account, including the transferred security. When transferring securities into an account, client should consider and speak to Advisor about whether:

- a commission was previously paid on the security;
- client wishes for the security to be managed as part of the account and be subject to an advisory fee; or
- client wishes to hold the security in a brokerage account that is not managed and not subject to an advisory fee.

For those Portfolios consisting of mutual funds, LPL selects only no-load and load-waived mutual funds. Some mutual funds and Program Share Classes in MWP charge shareholders an asset-based fee, known as a “12b-1” fee, to cover distribution expenses and, in some cases, shareholder servicing expenses. A portion of such 12b-1 fees will ultimately be paid to LPL by the funds. Any 12b-1 fees paid to LPL by funds (other than the cash sweep money market funds (“Sweep Funds”) described in the section of Item 9 labeled “Participation or Interest in Client Transactions”) will be credited to the client’s account.

If a Portfolio is selected that consists of mutual funds and/or ETFs primarily or only within the same fund family or within affiliated fund families (as indicated by the title of the model portfolio), LPL’s Research Department or the third party Portfolio Strategist (as applicable) will select at least a majority of funds within that fund family or affiliated fund families. Because mutual funds or ETFs in a Portfolio are affiliated with a third party Portfolio Strategist that designs the Portfolio, an investment in the affiliated fund generates compensation to that third party Portfolio Strategist or its affiliates, including, among other types of compensation, fund-level management fees, in addition to any portion of the Account Fee it receives.

Certain of the mutual funds available for investment in the program may be affiliated with Advisor. Therefore, investment in an affiliated mutual fund generates additional compensation to the Advisor’s affiliates, including, among other types of compensation, fund-level management fees.

Clients also incur charges imposed by third parties or LPL in connection with investments made through their accounts, including, but not limited to, taxes and charges required by law or imposed by exchanges or regulatory bodies. For example, an industry-wide charge mandated by a regulator applies to sales of certain securities. The amount of this regulatory fee may vary over time, and because variations might not be immediately known to LPL, the amount may be estimated and assessed in advance. To the extent that such estimated amount differs from the actual amount of the regulatory fee, LPL retains the excess. These charges will be reflected on transaction confirmations and/or monthly statements.

### Important Things to Consider About Fees on a MWP Account

- The Account Fee is a wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. Clients do not pay a commission or transaction charge to LPL for the execution of transactions in the account. The Account Fee may cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions or transaction charges to a broker-dealer for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the:
  - type and size of the account
  - type of securities in the Portfolio (whether mutual funds or ETFs)
  - historical and or expected size or number of trades for the account, and
  - number and range of supplementary advisory and client-related services provided to the client.
- The Account Fee may be higher than the fees charged by other investment advisors for similar services. This is the case in particular if the Advisor Fee component of the Account Fee is at or near the maximum fee set out above. The Advisor is responsible for determining the Advisor Fee to charge each client based on factors such as total amount of assets involved in the relationship, the number, complexity and mix of the portfolio, and the number and range of supplementary advisory and client-related services to be provided to the account. Clients should consider the level and complexity of the advisory services to be provided when negotiating the Advisor Fee with Advisor.
- Because Advisor and a Portfolio Strategist may be affiliated as described in Item 6 below, Advisor may have a financial incentive to recommend model portfolios designed by its affiliate because it will result in additional compensation to Advisor’s affiliate. With regard to accounts under the legacy aggregate Account Fee structure, although Advisor and its IAR





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cannot increase the overall Account Fee, because the portion of the Account Fee retained by the Advisor and its IAR varies depending on the Portfolio Strategist fee associated with a Portfolio, the Advisor and its IAR may have an incentive to select one Portfolio instead of another Portfolio.

- The Advisor and its IARs recommending the program to the client receives compensation as a result of the client's participation in the program. This compensation includes a portion of the Account Fee and also may include other compensation, such as bonuses, awards or other things of value offered by LPL to Advisor or by LPL or Advisor to the IAR. For example, LPL may pay a bonus to Advisor or its IARs in the form of reimbursement of fees that Advisor or its IARs pay to LPL for administrative services. In particular, pursuant to the agreement between LPL and Advisor, LPL pays Advisor an amount, in addition to a percentage of the client's Account Fee, based on the current market value of all client assets Advisor maintains in LPL advisory programs, including the MWP program. This amount is paid from the portion of the fee retained by LPL, and payment of this amount does not result in any higher or additional client fees. Therefore, this additional portion of the fee provides Advisor a greater financial benefit if more client assets are invested in LPL advisory programs. The amount of compensation that Advisor receives from LPL may be more or less than what the Advisor and its IARs would receive if the client participated in other LPL programs, programs of other investment advisors, or paid separately for investment advice, brokerage and other client services. Therefore, the Advisor and its IARs may have a financial incentive to recommend a program account over other programs and services.
- The investment products available to be purchased in the program can be purchased by clients outside of an MWP account, through broker-dealers or other investment firms not affiliated with LPL.
- Clients should consider the impact of fees and expenses on their investment portfolio, as described in the informational brochure titled "How Fees and Expenses Affect Your Portfolio" on [lpl.com/disclosures.html](http://lpl.com/disclosures.html) under "Investor Regulatory & Educational Resources."

### ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

LPL requires a minimum asset value for a program account to be managed. The minimums vary depending on the Portfolio(s) selected and the account's allocation amongst Portfolios. The lowest minimum for a Portfolio is \$10,000. In certain instances, LPL will permit a lower minimum for a Portfolio. Note that an account will not be invested according to a Portfolio or Portfolios until the applicable minimum for the Portfolio(s) and allocation has been reached. Clients should consult with Advisor and IAR to obtain more information about the applicable investment minimum based on the Portfolio(s) selected and the allocation amongst Portfolios. The program is available for individuals, IRAs, banks and thrift institutions, pension and profit sharing plans, including plans subject to ERISA, trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

### ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

In MWP, LPL and Advisor are responsible for the overall investment advice and management services offered to clients, and the client selects the Advisor. Advisor is responsible for determining the standards required for its associated persons. For more information about the Advisor, client should refer to the Advisor's Firm Brochure, which client should have received at the time client opened the account.

LPL makes available Portfolios designed by LPL, third party Portfolio Strategists and Advisor, through its IAR, for a particular account. Except as set forth below for AB, Equitable Investment Management and PST Advisors, LPL reviews on a periodic basis Advisor, acting through its IAR, as Portfolio Strategist on MWP.

In addition, LPL selects and reviews on a periodic basis the third party Portfolio Strategists available on MWP. LPL uses information provided by the third party Portfolio Strategist and also may use independent, third party data sources when evaluating such Portfolio Strategist. Third party Portfolio Strategist performance information is not calculated on a uniform and consistent basis. LPL does not review performance information to determine or verify its accuracy and does not calculate third party Portfolio Strategist performance. However, LPL provides Advisor and clients with individual performance information. Performance information distributed by LPL is compiled using third party portfolio accounting and reporting software. Client performance information is calculated on a uniform and consistent basis using a time weighted basis. Performance information is



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intended to inform clients as to how their investments have performed for a period, both on an absolute basis and compared to investment indices.

When MWP is offered through Advisor, there are Portfolios available that are designed by AB (f/k/a Alliance Bernstein), Equitable Investment Management and PST Advisors, in addition to those designed by LPL and Portfolio Strategists that are selected and reviewed by LPL. AB and Equitable Investment Management are investment advisor firms affiliated with Advisor. "Equitable Investment Management" is the brand name for AXA Equitable Funds Management Group, LLC, which among other things serves as investment advisor to the 1290 Funds. On or about June 15, 2020, the firm will be rebranded Equitable Investment Management Group, LLC. PST Advisors is not affiliated with Advisor; however, associated persons of PST Advisors are also investment advisor representatives and/or registered representatives of Advisor. AB, Equitable Investment Management and PST Advisors are referred to herein as "Equitable Strategists." In the case of the Equitable Investment Management and PST Advisors Portfolios, clients should understand that such Portfolios are made available at the request of Advisor, that Advisor is responsible for the inclusion of these Equitable Strategists, and that LPL has not applied its standard selection criteria to Equitable Investment Management or PST Advisors and their Portfolios, as it does for other third party Portfolio Strategists. Because Advisor is affiliated with Equitable Investment Management and AB, Advisor has a financial incentive to recommend Equitable Investment Management and AB Portfolios because it will result in additional compensation to Advisor's affiliate. Because associated persons of PST Advisors are also associated with Advisor, Advisor's associated persons similarly have a financial incentive to recommend a PST Advisors Portfolio. LPL is not recommending any particular Equitable Strategist or Portfolio, and client's selection of any Equitable Strategist or Portfolio should be the client's independent decision arrived at in consultation with Advisor.

It is important to note that third party Portfolio Strategists provide the Portfolios to LPL, and it is LPL that has discretion for trade implementation and execution in MWP accounts. Therefore, Portfolios submitted to LPL by third party Portfolio Strategists may represent activity that has already been implemented on behalf of other clients of such Portfolio Strategists. Because of this fact and because LPL (and not the third party Portfolio Strategist) has discretionary authority to implement trades, performance of an MWP account will differ from the performance of such Portfolio Strategist's discretionary accounts.

### LPL as a Portfolio Strategist

In MWP, clients may invest in Portfolios designed by LPL's Research Department. LPL's LPL Research designs many types of mutual fund and ETF Portfolios for MWP to meet the varying needs of clients. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable. Historically, LPL Research created portfolios called Diversified or Diversified Plus. Both of these portfolios sought to promote capital appreciation while taking on a reasonable amount of risk in an effort to achieve that goal. Differences between the portfolios were related to the degree to which nontraditional asset classes could be used and the fluctuation in the number of holdings. Because these differences became less meaningful over time, LPL Research has ceased offering this differentiation. Existing accounts will be blended into the same portfolio over time and this differentiation will no longer be used with respect to portfolios. Please ask your IAR for additional information.

LPL Research designs different types of Portfolios for different timeframes, needs or themes that have meaning to investors. For different timeframes, clients can choose either a strategic or tactical version for some Portfolios. The allocations in the strategic Portfolios are intended to help take advantage of market opportunities LPL Research believes will occur or persist throughout a 3 to 5 year timeframe and are intended for investors who take a longer term view or who are more tax sensitive. Tactical Portfolios are more flexible and are designed to help take advantage of short-, mid-, and long-term opportunities the markets present and are intended for clients who wish to take advantage of shorter-term market opportunities and are not opposed to the prospect of more frequent trading.

In terms of themes, LPL Research designs alpha-focused Portfolios that are structured for more aggressive investors. One Portfolio (technical equity) uses solely technical analysis to invest in core equities, specific sectors, and other opportunities. It is momentum based and is designed primarily on quantitative metric inputs. There are also downside risk aware Portfolios that are intended to be structured more conservatively to help provide more protection in the event of a down market. LPL Research designs portfolios that are solely allocated to alternative strategies to provide diversified exposure to those more esoteric asset





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classes. LPL Research designs Portfolios intended for investors who place a priority on income generation and Portfolios for investors seeking to minimize tax impacts. Such income generation versions may be available in investment objectives that are not typically focused on income. Because the Portfolios invest in mutual funds and ETFs and not directly in individual stocks and bonds, clients generally cannot restrict individual securities in a program account, for example, to invest in ESG (Environmental, Social, Governance) objectives. Additionally, LPL Research designs portfolios intended for investors who want to invest primarily with certain mutual fund families (referred to as the “Core Select” series).

Additionally, LPL Research designs three portfolios that invest in a combination of ETFs, ETNs, and mutual funds. One of these portfolios is designed to produce a targeted absolute return (tactical absolute return). Additionally, there are two portfolios designed to provide returns similar to those obtained by conservative treasury bonds without holding any of those traditional bonds: quad core balanced and quad core income.

Advisor, through its IAR, as Portfolio Strategist

In addition to portfolios designed by LPL Research and third party Portfolio Strategists, clients can invest in portfolios managed by Advisor, through its IAR for their account. Advisor, through its IAR, is responsible for selecting the mutual funds and/or ETFs within a Portfolio, the asset allocation for the Portfolio, and for making changes to the funds selected and asset allocation over time. Exchange-traded notes (“ETN”) and closed-end funds may also be purchased in an account. Advisor, through its IAR, will typically manage Portfolios tailored to an investment theme or particular style that is core to the IAR’s beliefs and expertise. Advisor, through its IAR, chooses research methods, investment strategy and management philosophy. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable. Advisor has access to various research reports, including those provided by LPL’s Research Department, to which IAR may refer in determining which securities to purchase or sell. As OPM, LPL has discretion to buy and sell securities in the Account (according to the Portfolio selected) and to liquidate previously purchased securities that are transferred into the Account. LPL expects to closely track the Portfolios, applying discretion only to redress particular account issues, including tax rebalancing, loss harvesting, tracking error from the Portfolio, customized requests, and investment restrictions placed on the account.

### Types of Investments and Risks

The Portfolios may include different types of securities, such as mutual funds, closed-end funds, ETFs and ETNs. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some risks associated with investing and with some types of investments that are available in the program.

- **Market Risk.** This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk.** This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk.** This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Issuer-Specific Risk.** This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- **Investment Company Risk.** To the extent a client account invests in ETFs or other investment companies, its performance will be affected by the performance of those other investment companies. Investments in ETFs and other investment companies are subject to the risks of the investment companies’ investments, as well as to the investment companies’ expenses. If a client account invests in other investment companies, the client account may receive distributions of taxable gains from portfolio transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.
- **Concentration Risk.** To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on the client of adverse



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developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.

- **Sector Risk.** To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.
- **Alternative Strategy Mutual Funds.** Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.
- **Closed-End Funds.** Client should be aware that closed-end funds available within the program may not be readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- **Exchange-Traded Funds (ETFs).** ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs may be closed and liquidated at the discretion of the issuing company.
- **Exchange-Traded Notes (ETNs).** An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows: the repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks. ETNs may be closed and liquidated at the discretion of the issuing company.
- **Leveraged and Inverse ETFs, ETNs and Mutual Funds.** Leveraged ETFs, ETNs and mutual funds, sometimes labeled "ultra" or "2x" for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions may be magnified over time. Some deviations from the stated objectives, to the positive or negative, are possible and may or may not correct themselves over time. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not



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be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.

- **Pledging Assets.** LPL has partnered with certain banks to help facilitate clients' access to collateralized non-purpose lines of credit; however, clients are not required to use the banks in LPL's program, and can work directly with other banks ("non-partner banks") to negotiate loan terms or obtain other financing arrangements. Clients who choose to use non-partner banks should notify Advisor of the amount of the line of credit. In these collateralized lending arrangements, clients borrow from the bank and pay interest to the bank. In some cases, Advisor, through IAR, may recommend that a client seeking to access funds (for purposes other than purchasing securities) hold his securities investments and instead utilize a non-purpose line of credit collateralized by the assets in his advisory account. Unless Advisor, through IAR, specifically recommends that a client hold his securities investments and instead utilize a collateralized line of credit to access funds, the decision regarding whether to arrange for a collateralized loan and the decision to draw down on such a loan are not covered by a client's advisory relationship with LPL or Advisor. While Advisor, through IAR, may assist the client with facilitating a line of credit, clients are responsible for independently evaluating the terms of the loan and deciding whether the loan meets their needs. Clients also should be aware that pledging assets in an account to secure a loan involves additional risks. The bank holding the loan has the authority to liquidate all or part of the securities at any time without your prior notice in order to maintain required maintenance levels, or to call the loan at any time. As a practical matter, this may cause you to sell assets and realize losses in a declining market. Moreover, the ability of Advisor and IAR to make recommendations for the account may be restricted by collateral requirements imposed by the bank. These restrictions or a forced liquidation may interfere with your long term investment goals and/or result in adverse tax consequences. Further, you should note that the returns on accounts or on pledged assets may not cover the cost of loan interest and advisory fees. Clients should be aware that LPL's collateralized loan program is one way, among many, for clients to raise necessary cash. Before pledging assets in an account, clients should carefully review the loan agreement, loan application and any forms required by the bank and any other forms and disclosures provided by LPL. For a list of the banks currently participating in LPL's collateralized lending program, please visit [lpl.com/disclosures.html](http://lpl.com/disclosures.html), click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then "Third Party Compensation and Related Conflicts of Interest."

### Voting Client Securities

In MWP, LPL and Advisor do not accept authority to vote client securities. Clients retain the right to vote all proxies that are solicited for securities held in the account. Clients will receive proxies or other solicitations from LPL. If clients have questions regarding the solicitation, they should contact the contact person that the issuer identifies in the proxy materials or their Advisor. In addition, LPL and Advisor do not accept authority to take action with respect to legal proceedings relating to securities held in the account.

### ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

The Advisor obtains the necessary financial data from the client and assists the client in setting appropriate investment objectives for the account. The Advisor obtains this information by having the client complete an Account Application which is a part of the Account Agreement. In quarterly communications, LPL asks clients to contact the Advisor if there have been any changes in the client's financial situation or investment objective or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions. Because the third party Portfolio Strategist's role is limited to providing Portfolios to LPL, and does not provide individualized discretionary advisory services to MWP clients, LPL generally does not communicate specific client information to third party Portfolio Strategists.

Clients should understand that the investment objective selected for the program in the Account Application is an overall objective for the entire account and may be inconsistent with a model in the account, a particular holding and the account's performance at any time. Client also should be aware that achievement of the stated investment objective is a long-term goal for the account.

### ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

LPL does not place any restrictions on a client's ability to contact and consult with Advisor or LPL. Because a third party Portfolio Strategist's role is solely to provide Portfolios to LPL, and not to provide individualized discretionary advisory services to MWP clients, third party Portfolio Strategists generally are not available to be contacted or consulted by MWP clients.



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## ITEM 9 ADDITIONAL INFORMATION

### Disciplinary Information

As part of a voluntary self-reporting initiative in 2019, LPL entered into a settlement with the SEC in which the SEC found that LPL willfully violated Section 206(2) and 207 of the Investment Advisers Act of 1940 (the “Advisers Act”) in connection with inadequate disclosure to clients of its and its associated persons’ conflicts of interest related to its receipt of 12b-1 fees and/or its selection of mutual fund share classes that pay such fees. The SEC ordered LPL to cease and desist from committing or causing any violations of Sections 206(2) and 207 of the Advisers Act, censured it for its conduct, and ordered the payment of disgorgement and prejudgment interest to affected investors totaling \$9,333,516.

LPL, as a broker-dealer, is a member of FINRA and has found to be in violation of FINRA’s rules related to its brokerage activities. In particular, LPL consented to sanctions related to the following matters:

- LPL’s supervisory systems and procedures relating to changes in the authority of custodians of accounts established under the Uniform Gifts to Minors Act and/or the Uniform Transfers to Minors Act, resulting in a censure, a fine of \$300,000, and an undertaking to review and enhance its policies, systems, and procedures related to supervision of such accounts (2019).
- The effectiveness of LPL’s anti-money laundering program, LPL’s failure to amend certain Forms U4 and U5, and LPL’s systems and supervisory procedures relating to Forms U4 and U5 reporting requirements, resulting in a censure and a fine of \$2,750,000 and an undertaking to review the process used to disclose customer complaints on Forms U4 and U5 (2018).
- LPL’s brokerage supervisory and disclosure procedures related to the sale of certain brokered certificates of deposit in brokerage accounts, resulting in a censure and a fine of \$375,000 (2018).
- LPL’s systems and supervisory procedures relating to the creation and distribution of certain required account notices, resulting in a censure, a fine of \$900,000, and an undertaking to review affected processes (2016).
- LPL’s systems and supervisory procedures relating to the format in which certain electronic records were retained, resulting in a censure and a fine of \$750,000 (2016).
- LPL’s various brokerage supervisory procedures, including those related to the sale of complex non-traditional ETFs, variable annuity (“VA”) contracts, real estate investment trusts (“REITs”) and other products in brokerage accounts, as well as LPL’s failure to monitor and report trades and deliver trade confirmations, resulting in a censure, a fine of \$10,000,000, and restitution of \$1,664,592 (2015).
- LPL’s processing and supervision of the sale of alternative investments, including non-traded, resulting in a censure and a fine of \$950,000 (2014).
- LPL’s systems and procedures related to the review and retention of email, resulting in a censure, a fine of \$7.5 million, and establishment of a fund of \$1.5 million to cover payments to eligible former brokerage customer claimants who may not have received all emails in connection with their claim (2013).
- LPL’s supervisory systems to monitor and ensure the timely delivery of mutual fund prospectuses, resulting in a censure and a fine of \$400,000 (2012).
- LPL’s procedures regarding its review of e-mail communications, resulting in a censure and a fine of \$100,000 (2011).
- LPL’s procedures on transmittals of cash and securities from customer accounts to third party accounts, resulting in a censure and a fine of \$100,000 (2011).
- LPL’s procedures on supervision of VA exchanges, resulting in a censure and a fine of \$175,000 (2010).

LPL, as a broker-dealer, is regulated by each of the 50 states and has been the subject of orders related to the violation of state laws and regulations in connection with its brokerage activities. In particular, LPL entered into consent orders related to the following matters:

- LPL’s failure to timely register (or maintain the registration of) certain agents in Massachusetts (“MA”) and failure to amend Forms U4 and U5 for certain agents registered in MA, resulting in a censure, a fine of \$1,100,000, and an undertaking to review and enhance its policies and procedures related to registering its agents in MA and filing reportable events (MA, 2019).
- LPL’s brokerage supervisory procedures relating to email review and annual branch office examinations, resulting in a civil penalty of \$450,000 and an undertaking for third-party review of related processes (Indiana, 2018).



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- The sale of unregistered, non-exempt securities in violation of state registration requirements, resulting (upon entry of the individual consent order) in payment to each participating state or jurisdiction of a civil penalty of \$499,000, reimbursement of certain investigative expenses, remediation through repurchase of certain securities and payment of losses to certain affected customers, and certain additional undertakings (Settlement with up to 53 members of the North American Securities Administrators Association (NASAA), 2018).
- The sale of non-traded alternative investments in excess of prospectus standards or LPL's internal guidelines and the maintenance of related books and records, resulting in a censure, a fine of \$950,000, a \$25,000 contribution to an investor education fund and remediation of losses to impacted customers (New Jersey, 2017).
- LPL's supervisory practices for LPL representatives located on the premises of a credit union, resulting in a censure, a fine of \$1,000,000, and an undertaking to avoid investor confusion specific to the name under which the credit union does business and review LPL's related policies and procedures (MA, 2017).
- LPL's oversight of certain VA transactions, resulting in a censure, a fine of \$975,000, restitution to clients and former clients of an LPL representative, disgorgement of commissions retained by LPL in connection with such representative's VA sales, and an undertaking to review such representative's brokerage and advisory activities and LPL's related policies and procedures (MA, 2017).
- The sale in brokerage accounts of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an aggregate civil penalty of \$1,425,000, reimbursement of certain investigative expenses and remediation of losses to impacted customers (Global settlement with certain members of NASAA, 2015).
- The sale of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an administrative fine of \$250,000, reimbursement of investigative costs of \$250,000, a \$250,000 contribution to an investor education fund and remediation of losses to impacted customers (New Hampshire, 2015).
- The sale of leveraged and inverse leveraged ETFs ("Leveraged ETFs"), resulting in an administrative fine of \$50,000 (Delaware), a penalty of \$200,000 (MA), restitution to Delaware customers in an amount up to \$150,000, restitution to MA customers in an amount up to \$1,600,000, and an agreement to make certain changes in its supervisory system with respect to Leveraged ETFs (2015).
- Failure to implement procedures related to the use of senior-specific titles by LPL representatives as required under MA law, resulting in a censure and a fine of \$250,000 (2015).
- Failure to detect improper and fraudulent conduct by an LPL representative, resulting in a censure, a fine of \$500,000, and restitution to impacted customers; and failure to adequately enforce supervisory procedures and maintain certain books and records required under Illinois law in connection with certain VA exchange transactions, resulting in a censure, a fine of \$2,000,000, and restitution to impacted customers (2014).
- The sale of non-traded REITs to MA residents in excess of MA concentration limits, resulting in a censure, a fine of \$500,000, and restitution to impacted customers (2013).

For more information about those state events and other disciplinary and legal events involving LPL and its IARs, client should refer to Investment Advisor Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA BrokerCheck at [www.finra.org](http://www.finra.org).

### Other Financial Industry Activities and Affiliations

LPL is a broker-dealer registered with FINRA and the SEC. As a broker-dealer, LPL transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, real estate investment trusts and other investment products. LPL is registered to operate in all 50 states and has primarily an independent-contractor sales force of registered representatives and investment advisor representatives dispersed throughout the United States. LPL has a dedicated team of employee IARs who service certain accounts in the absence of an IAR, and employees of LPL Employee Services, LLC, an LPL-affiliated company, are located on the premises of certain financial institutions. IARs may be broker-dealer registered representatives of LPL. If required for their positions with a registered broker-dealer, LPL's principal executive officers are securities licensed as registered representatives of LPL. LPL is also registered as a transfer agent with the SEC and as an introducing broker with the Commodity Futures Trading Commission. In addition, LPL is qualified to sell insurance products in all 50 states.





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LPL and The Private Trust Company, N.A. ("PTC"), a federally chartered non-depository bank licensed to provide trust services in all 50 states, are related persons. PTC serves as IRA custodian for program accounts set up as individual retirement accounts. PTC also provides personal trustee services to clients for a variety of administrative fiduciary service, which services may relate to a program account. PTC's IRA custodian and trustee services and fees are established under a separate engagement between the client and PTC.

LPL and Allen & Company of Florida, LLC ("Allen & Co."), an investment advisor firm, are affiliated companies. In addition, investment advisor representatives of Allen & Co. are typically brokerage registered representatives of LPL. Allen & Co. recommends LPL's advisory programs, including MWP. Because of the affiliation, Allen & Co. has an incentive to recommend LPL advisory programs to clients over other programs and services.

Fortigent, LLC ("Fortigent"), is a registered investment advisor and related person of LPL. From time to time, LPL registered representatives may enter into agreements with Fortigent for research and reporting services.

### Code of Ethics and Personal Trading

LPL has adopted a code of ethics that includes guidelines regarding personal securities transactions of its employees and investment advisor representatives ("IARs"). The code of ethics permits LPL employees and IARs to invest for their own personal accounts in the same securities that LPL and IARs purchase for clients in program accounts. This presents a conflict of interest because trading by an employee or IAR in a personal securities account in the same security on or about the same time as trading by a client can disadvantage the client. LPL addresses this conflict of interest by requiring in its code of ethics that LPL employees and IARs report certain personal securities transactions and holdings to LPL. LPL has procedures to review personal trading accounts for front-running. In addition, employees in LPL's Research Department are required to obtain pre-clearance prior to purchasing certain securities for a personal account. Employees and IARs are also required to obtain pre-approval for investments in private placements and initial public offerings. A copy of the LPL code of ethics is available to clients or prospective clients upon request and is available at [lpl.com/disclosures.html](http://lpl.com/disclosures.html).

### Participation or Interest in Client Transactions

Purchases of mutual fund shares may be processed through the firm's proprietary account resulting in such purchases being characterized as principal transactions for certain reporting purposes. In every case, the shares will be purchased at the funds' net asset value, and no additional charges will be applied to such transactions as a result of the firm's use of a proprietary account. LPL does not otherwise engage in principal transactions with its clients in MWP. LPL's parent company, LPL Financial Holdings Inc., is a publicly traded company. LPL Financial Holdings Inc. stock may not be purchased in MWP accounts. However, a model may include a mutual fund or ETF that holds LPL Financial Holdings Inc. stock as an underlying investment, for example, an ETF that seeks to replicate the performance of an investment services index that includes LPL Financial Holdings Inc.

For certain ETFs and stocks, LPL executes trades in fractional shares of those securities as an accommodation to clients. There is not an active open market for fractional shares, and executing trades with LPL is most often the only form of liquidity for a client that holds fractional shares in his or her account. LPL does not receive any compensation in addition to advisory fees for executing trades in fractional shares for a client's advisory account. LPL will only buy and sell fractional shares when a client is also trading whole shares of the security, in connection with a dividend reinvestment plan, or to sell remaining fractional shares to close a position. Trades in fractional shares will happen on the same day and at the same price as a trade in whole shares, or otherwise at market closing price.

### 12b-1 Fees; Recordkeeping Services and Compensation; Revenue Sharing Arrangements.

Some mutual funds and Program Share Classes in MWP charge shareholders a 12b-1 fee. To the extent a mutual fund or a Program Share Class charges a 12b-1 fee, the fee will be paid to LPL by the mutual fund. Any 12b-1 fees paid to LPL by mutual funds (other than the Sweep Funds) will be credited to the account.

LPL performs recordkeeping, administrative services and shareholder on behalf of mutual funds and receives compensation for the services based on mutual fund holdings of MWP clients. These services include establishing and maintaining accounts with the funds, facilitating settlement of funds, responding to customer inquiries and requests, and maintaining sub-account records





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reflecting the issuance, exchange or redemption of shares by each program account. A type of recordkeeping service that LPL provides to certain mutual fund families is to process transactions on an omnibus basis, which means that LPL consolidates client trades into one daily trade with a fund, and maintains all pertinent shareholder information for the fund. In some cases LPL earns recordkeeping compensation with respect to a Program Share Class but does not earn recordkeeping compensation, or earns less recordkeeping compensation, with respect to other share classes of the same fund that are not offered through the Program. If LPL does not provide omnibus services to a mutual fund, then fund shares are traded on a networked basis, which means LPL submits a separate trade for each individual client trade to the fund. In that case, LPL maintains only certain elements of the fund's shareholder information.

The compensation LPL receives from a fund for recordkeeping, administrative and shareholder services is based on the amount of MWP client assets that are invested in the fund (up to 0.30% annually), or the number of positions held by MWP clients in the fund (up to \$25 per position). In addition, LPL charges a setup fee to product sponsors when adding new investment products or share classes of an investment product to LPL's investment platforms. In the case of exchange traded products, LPL receives up to \$7,500 per product. In the case of mutual funds, LPL receives a one-time set up fee of up to \$40,000 to add the sponsor to its recordkeeping platform, which is the sum of a \$15,000 due diligence fee and a setup fee of \$5,000 per fund (up to a maximum of \$25,000 total for all funds). LPL does not share this recordkeeping compensation with Advisor.

LPL has fee arrangements with investment advisors or distributors ("sponsors") of mutual funds and ETFs that are available for purchase through the Program, called revenue sharing. Under these arrangements, the sponsor pays LPL a fee based on the amount of client sales or assets invested in the sponsor's funds or a fixed fee, and LPL provides marketing support to the sponsor and allows the sponsor to access LPL representatives so that the sponsor can promote such mutual funds and/or ETFs. The maximum revenue sharing fee received by LPL under these arrangements is 0.15% annually. LPL does not accept revenue sharing fees for assets held in retirement accounts. LPL does not require that a fund sponsor participate in revenue sharing arrangements for the sponsor's funds to be selected for a Portfolio. In some cases, LPL receives compensation from a fund for the provision of services in addition to LPL's receipt of revenue sharing payments from the fund's sponsors. Such compensation includes 12b-1 fees and mutual fund recordkeeping compensation (described above).

The revenue that LPL receives from 12b-1 fees, recordkeeping compensation, and revenue sharing arrangements is an important revenue stream and presents conflicts of interest that affect LPL's ability to provide clients with unbiased, objective investment advice concerning the selection of funds and share classes for a Portfolio in the case of Portfolios designed by LPL. In particular, LPL has a financial incentive: (i) to select a fund or a Program Share Class that charges a 12b-1 fee and/or pays recordkeeping compensation to LPL over another comparable fund or a share class that does not charge 12b-1 fees or pay recordkeeping compensation; (ii) to select a fund sponsored by a company that makes revenue sharing payments to LPL, instead of another comparable fund whose sponsor does not make such payments; and (iii) to select a fund or a Program Share Class that charges 12b-1 fees, pays recordkeeping compensation to LPL, or whose sponsor makes revenue sharing payments to LPL that, in each case, are comparatively higher than those charged or paid by another comparable fund or share class or a sponsor of such funds or share classes. Such other comparable funds and/or share classes may be more appropriate for a client than the fund or Program Share Class offered through the Program. LPL's website at [lpl.com/disclosures.html](http://lpl.com/disclosures.html) identifies the mutual funds that pay recordkeeping compensation and the mutual fund sponsors that make revenue sharing payments to LPL.

LPL credits to clients any 12b-1 fees it receives from mutual funds (other than the Sweep Funds), and therefore, LPL does not have an incentive to select one fund or Program Share Class over another solely on the basis of the 12b-1 fee. In addition, LPL does not share 12b-1 fees, recordkeeping fees, or revenue sharing payments with Advisor or third party Portfolio Strategists, and, therefore, there is no financial incentive for Advisor or a third party Portfolio Strategist to select one fund or a Program Share Class over another comparable fund or share class on the basis of the 12b-1 fee, recordkeeping compensation, and revenue sharing payments that the fund or Program Share Class charges or provides to LPL.



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### Cash Sweep Arrangements

LPL makes available programs for cash in an MWP account to be automatically swept to an interest-bearing Federal Deposit Insurance Corporation (“FDIC”)-insured deposit account, and for certain types of accounts, a money market fund. For more information about which types of accounts are eligible to use the different sweep options, please speak to Advisor.

For accounts that sweep cash to the multi-bank insured cash account program offered by LPL (the “ICA”)—LPL receives a fee equal to a percentage (up to 4%) of the average daily deposit balance in the ICA, a portion of which LPL pays to Advisor. The fee paid to LPL is applied across all ICA deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. For accounts that sweep cash to the multi-bank deposit cash account program offered by LPL (the “DCA”)—LPL receives a flat monthly fee per account (approximately \$17 as of July 1, 2019) based upon the prevailing fed funds target rate, a portion of which LPL pays to Advisor. LPL’s compensation under the DCA program is not affected by the actual cash amounts held in your account. The fees paid to LPL for its sweep programs reduces the interest rate paid on your cash funds, and depending on the interest rate and other market factors, LPL may receive a majority of the interest as fees. For additional information on the ICA or DCA, please see the ICA or DCA Disclosure Booklet available from Advisor.

For the narrow set of accounts that are set up for cash to sweep to a money market fund -- the available Sweep Funds typically pay higher 12b-1 fees than other money market funds. In addition, LPL receives compensation of up to 0.35% annually of the LPL client assets invested in the Sweep Funds for recordkeeping services it provides for the funds. LPL also receives up to 0.15% annually of the LPL client assets invested in the Sweep Funds in connection with marketing support services LPL provides to the Sweep Fund sponsors. Together, the 12b-1 fees, recordkeeping fees, marketing support payments, and other compensation from Sweep Funds and their sponsors, allow LPL to receive up to 1% annually of LPL client assets in the Sweep Funds. Advisor earns fees based on the amount of assets in the Sweep Funds.

The compensation that LPL and Advisor receive related to the ICA, DCA and the Sweep Funds is in addition to the Account Fee received with respect to the assets in the sweep investment. This compensation related to the ICA, DCA and Sweep Funds is an important revenue stream and presents a conflict of interest because LPL and Advisor have a financial benefit if cash is invested in the ICA or the Sweep Funds. However, Portfolio Strategists do not share in this compensation and therefore an unaffiliated Portfolio Strategist does not have a financial incentive to allocate a Portfolio to cash instead of other holdings. In addition, LPL and Advisor do not take into account this compensation when it makes decisions about a Portfolio’s allocation to cash.

Clients should understand that, depending on interest rates and other market factors, the yields on the ICA, DCA and Sweep Funds have been, and may continue in the future to be, lower than the aggregate fees and expenses received by LPL for a client’s participation in the cash sweep programs. This may result in a client experiencing a negative overall investment return with respect to cash reserves in the cash sweep programs. Interest rates under ICA and DCA may be lower than the interest rates available if clients make deposits directly with a bank or other depository institution outside of the Program or invests in a money market fund or other cash equivalent. Clients should compare the terms, interest rates, required minimum amounts and other features of the ICA and DCA programs with other types of accounts and investments for cash.

### Collateralized Lending Arrangements

LPL has partnered with certain banks to help facilitate clients’ access to non-purpose lines of credit collateralized by their investment accounts. Because of LPL’s arrangements with the banks participating in the program, clients may be limited in their ability to negotiate the most favorable loan terms. Clients are not required to use the banks in LPL’s program, and can work directly with other banks to negotiate loan terms or obtain other, potentially more favorable, financing arrangements. If a Client obtains a loan from a non-partner bank, he should notify Advisor of the amount of the line of credit. Clients should understand that the interest and additional fees paid to the bank in connection with the loan are separate from and in addition to the advisory fees the client pays LPL for its advisory services on the account.

LPL receives third party compensation from participant banks based on the amount of outstanding loans. Compensation can be up to 0.75% of the outstanding loan amount. This compensation to LPL varies, and, therefore, LPL can earn more or less depending on the bank selected by the client. The receipt of compensation poses a conflict of interest to LPL because LPL has a financial incentive for the client to select a bank in the program, as well as a participating bank that pays LPL more than other



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participating banks. However, LPL does not share this compensation with Advisor or IAR, and therefore, Advisor and IAR do not have a financial incentive if one bank is selected over another. LPL, Advisor and IAR have an interest in continuing to receive investment advisory fees, which gives LPL, Advisor and IARs an incentive to recommend that clients borrow money rather than liquidate some of their assets managed by LPL and Advisor. This incentive creates a conflict of interest for LPL, Advisor and IARs when advising clients seeking to access funds on whether they should liquidate assets or instead hold their securities investments and utilize a line of credit secured by assets in their account. Because LPL, Advisor and IARs are compensated primarily through advisory fees paid on clients' accounts, they also have an interest in managing an account serving as collateral for a loan in a manner that will preserve sufficient collateral value to support the loan and avoid a bank call. This may present a conflict of interest with clients because it could incentivize Advisor or IARs to recommend more conservative, lower performing investments to maintain the stability of the account.

For additional disclosures regarding LPL's collateralized lending program, including a list of the banks currently participating in the program, please visit [lpl.com/disclosures.html](http://lpl.com/disclosures.html), click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then "Third Party Compensation and Related Conflicts of Interest."

### Credit Cards

As part of its cash management services, LPL makes available for its customers credit cards through a partner bank. LPL receives a flat fee for each new activated credit card that is used by the cardholder in the first 90 days. LPL also receives a portion of the transaction volume of the cardholder's account. LPL's portion of the transaction volume varies depending on the number of LPL active cardholder accounts.

### Rollovers

If a client is a participant in an employer-sponsored retirement plan such as a 401(k) plan, and decides to roll assets out of the plan into the account, Advisor has a financial incentive to recommend that the client invest those assets in the account, because Advisor will be paid on those assets, for example, through advisory fees. You should be aware that such fees likely will be higher than those a participant pays through a plan, and there can be maintenance and other miscellaneous fees. As securities held in a retirement plan are generally not transferred to the account, commissions and sales charges will be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

### Other Clients

Client should understand that LPL and Advisor may perform advisory and/or brokerage services for various other clients, and that LPL and Advisor may give advice or take actions for those other clients that differ from the advice given to the client. The timing and nature of any action taken for the account may also be different.

### Review of Accounts

LPL provides Advisor and clients with regular written reports regarding their accounts. LPL provides detailed performance information annually describing account performance and positions, with additional performance information available upon request. In addition, LPL transmits to clients account statements showing transactions, positions, and deposits and withdrawals of principal and income. Portfolio values and returns shown in performance reports for the year-end time period may include mutual fund dividends paid out prior to December 31 but that were posted to the account within the first 2 business days of the subsequent year. The inclusion of such dividends in the year-end performance report may cause discrepancies between the report and the account statement client receives from LPL for the same period.

### Other Compensation

Unaffiliated Portfolio Strategists reimburse LPL for costs associated with the use of technology necessary for the Portfolio Strategist to perform its services under the program. Portfolio Strategists also reimburse LPL up to \$50,000 for the upfront technology development costs to make the Portfolio Strategist's Portfolios available on the program.

LPL and LPL employees receive additional compensation from product sponsors, such as an unaffiliated Portfolio Strategist. Such compensation may not be tied to the sales of any products or services. Compensation may include such items as gifts valued at less



## MODEL WEALTH PORTFOLIOS (MWP) – PROGRAM BROCHURE

than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Product sponsors may also pay for, or reimburse LPL for the costs associated with, education or training events that may be attended by LPL employees, Advisor and its employees and representatives, and for LPL-sponsored conferences and events.

LPL employees provide sales support resources to IARs of Advisor that use LPL advisory programs. The compensation that LPL pays to these employees varies based on the assets in LPL's different advisory programs. These sales employees have an incentive to promote MWP to IARs of Advisor over other advisory programs.

LPL receives compensation in the form of earnings on its short-term investment of cash in program accounts prior to the time the cash is invested for the account. These earnings are generally known as "float." Cash in the account would typically result from contributions to the account or sales of securities in the account. For accounts that opt out of the sweep program, the accounts may remain in free credit balances. In such case, LPL receives compensation in the form of earnings on cash.

In the event a trade error occurs in an account, and such error is determined to be caused by LPL, LPL typically will cancel the trade and remove the resulting monetary loss to the client from the account. If a trade correction is required as a result of client (e.g., if client does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), LPL typically will cancel the trade and any resulting monetary loss will be borne by the client. In the case of a trade that requires a correction as described above and that resulted in a monetary gain to the client, such gain will be removed from the account and can result in a financial benefit to LPL.

LPL and BlackRock Advisors, LLC ("BlackRock") entered into an agreement pursuant to which BlackRock agreed to pay LPL an annual fixed amount for analytical data pertaining to BlackRock proprietary ETFs on LPL's platform during the term of the agreement. BlackRock Investment Management, LLC, an affiliate of BlackRock, is one of the Portfolio Strategists available on the program. BlackRock is also affiliated with mutual funds and ETFs that may be included in the Portfolios it designs and those model portfolios designed by LPL or the other Portfolio Strategists. Because LPL benefits from these payments, the amount of which is significant, LPL's financial interests conflict with its ability to use strictly objective factors in making the selection and retention of a BlackRock affiliate as a Portfolio Strategist and its selection of ETFs in its Portfolios. However, LPL did not agree to guarantee that BlackRock's affiliated Portfolios will be used for any MWP client account. In addition, neither LPL nor the other Portfolio Strategists are required to include BlackRock-affiliated funds or ETFs in their Portfolios. The BlackRock affiliate is required to satisfy the same review as all other third party Portfolio Strategists. LPL has sole discretion to select Portfolio Strategists that are made available on MWP.

### Financial Information and Custody

LPL is a qualified custodian as defined in Rule 206(4)-2 under the Advisers Act and maintains custody of MWP client funds and securities in a separate account for each client under the client's name. LPL as a qualified custodian sends account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. LPL sends account statements monthly when the account has had activity or quarterly if there has been no activity. Clients should carefully review those account statements.

### Brokerage Practices

In MWP, LPL requires that clients direct LPL as the sole and exclusive broker-dealer to execute transactions in the account. Clients should understand that not all advisors or program sponsors require their clients to direct brokerage. The fact that LPL is both the investment advisor and sole broker-dealer on the account presents a conflict of interest. By directing brokerage to LPL, clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money. However, clients should understand that LPL is not paid a commission or transaction charge for executing transactions in MWP accounts. In addition, in the case of mutual funds, execution is made at the net asset value of the fund. Although LPL is not paid a commission or transaction charge for transactions in the account, LPL bears costs for each transaction made in an account. This presents a conflict of interest because these costs may be a factor LPL considers when deciding which securities to select and whether or not to place transactions in an account. However, LPL mitigates this conflict by compensating the team responsible for directing the trades through a bonus based on the performance of the portfolios; therefore, the team is



## MODEL WEALTH PORTFOLIOS (MWP) – PROGRAM BROCHURE

not incentivized by cost reduction. LPL will aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. LPL also will aggregate rebalancing transactions for an account with other program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

### ERISA Disclosure

LPL provides advisory services under the program as an investment advisor under the Investment Advisers Act of 1940. To the extent that LPL has or exercises discretionary authority under the Account Agreement with respect to the management of assets of (or otherwise provides “investment advice” under the Account Agreement as defined under Section 3(21) of ERISA to) a Plan subject to ERISA, LPL will be deemed a “fiduciary” as such term is defined under Section 3(21) of ERISA with respect to such advisory services. Unless specifically agreed to in writing, LPL does not serve as an “investment manager,” as such term is defined under Section 3(38) of ERISA.

### Brochure Supplements

Accompanying this Brochure are Brochure Supplements for individual employees or officers of LPL. Note that although these individuals are responsible for investment advice provided by LPL, they are not responsible for the ongoing individualized investment advice provided to a particular client. For more information about the Advisor, client should refer to the Advisor’s Firm Brochure or contact the Advisor.



## MODEL WEALTH PORTFOLIOS (MWP) – PROGRAM BROCHURE

### BROCHURE SUPPLEMENTS

George Burton White  
Kirby Horan-Adams  
Jason Hoody

LPL Financial LLC  
1055 LPL Way, Fort Mill, SC 29715  
(704) 733-3300

Jeffrey Alan Buchbinder  
Barry Seth Gilbert

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Marcus Ehlers

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March 30, 2020

These Brochure Supplements provide information about certain LPL employees or officers that supplements the LPL Financial Brochure that is attached to these Brochure Supplements. Please contact LPL Financial at the number above if you did not receive the LPL Financial Brochure or if you have any questions about the contents of these Brochure Supplements. You may also contact your LPL investment advisor representative with questions.

Additional information about these LPL employees or officers is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Note that although these LPL employees or officers included in these Brochure Supplements are responsible for investment advice provided by LPL they are not the IARs responsible for the ongoing individualized investment advice provided to a particular client. For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR, which should have been provided by the IAR along with the LPL Financial Brochure and these Brochure Supplements at the time client opened the account. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lpifinancial.adv@lpl.com](mailto:lpifinancial.adv@lpl.com).

#### George Burton White

##### **Educational Background and Business Experience**

George Burton White was born in 1969. He has a BBA from the College of William and Mary. He is Managing Director, Investor and Investment Solutions and Chief Investment Officer and has served in that position as Managing Director and Chief Investment Officer since 2009. He joined LPL in 2007 as a Managing Director and Director of Research. Prior to joining LPL, he was Managing Director and Director of Research at Wachovia Securities from 2000 to 2007.

##### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

##### **Other Business Activities**

Mr. White is a registered representative of LPL and an investment adviser representative of Fortigent, LLC ("Fortigent"), a registered investment adviser and related person of LPL. Mr. White is also the Chief Investment Officer of Fortigent. LPL is a registered broker-dealer and member of FINRA. Although Mr. White is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.





## **MODEL WEALTH PORTFOLIOS (MWP) – PROGRAM BROCHURE**

### **Additional Compensation**

Mr. White receives a regular salary and a discretionary bonus.

### **Supervision**

Mr. White, as the Chief Investment Officer of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. White also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

### **Kirby Horan-Adams**

#### **Educational Background and Business Experience**

Kirby Lepak Horan-Adams was born in 1976. She has a BA in Math and Economics from Trinity College, an MBA and MSF from Boston College, and a JD from Boston College Law School. She is an Executive Vice President and Director of Research at LPL and joined the LPL Research Department in 2006. Prior to joining LPL, she was an analyst at Cerulli Associates.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

#### **Other Business Activities**

Ms. Horan-Adams is a registered representative of LPL and an investment adviser representative of Fortigent, a registered investment adviser and related person of LPL. LPL is a registered broker-dealer and member of FINRA. Although Ms. Horan-Adams is a registered representative of LPL, she does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

### **Additional Compensation**

Ms. Horan-Adams receives a regular salary and a discretionary bonus.

### **Supervision**

Ms. Horan-Adams reports up to Mr. White, who as the Chief Investment Officer of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Ms. Horan-Adams also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

### **Jason Hoody**

#### **Educational Background and Business Experience**

Jason Hoody was born in 1975. He has a BS in Political Science from Clarkson University, an MA in International Affairs from American University, an MS in Finance from Johns Hopkins University, and is a CFA charterholder. He is a Vice President in Research at LPL and joined LPL in 2015. Prior to joining LPL, he was a Vice President at BB&T and an analyst at KPMG.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

#### **Other Business Activities**

There are no other business activities to disclose in response to this item.



## **MODEL WEALTH PORTFOLIOS (MWP) – PROGRAM BROCHURE**

### **Additional Compensation**

Mr. Hoody receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Hoody reports up to Mr. White, who as the Chief Investment Officer of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Hoody also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

### **Jeffrey Alan Buchbinder**

### **Educational Background and Business Experience**

Jeffrey Alan Buchbinder was born in 1971. He has a BA in Economics from Northwestern University and an MBA from Duke University. He is a Vice President, Equity Strategist and Portfolio Manager for LPL Financial Research and has been with the firm since 2003. Prior to joining LPL, he served as an Equity Research Associate at Sanford C. Bernstein. Prior to Bernstein, he was an Equity Research Associate at Deutsche Bank.

### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

### **Other Business Activities**

Mr. Buchbinder is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Buchbinder is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

### **Additional Compensation**

Mr. Buchbinder receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Buchbinder reports up to Mr. White, who as the Chief Investment Officer of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Buchbinder also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.



## **MODEL WEALTH PORTFOLIOS (MWP) – PROGRAM BROCHURE**

### **Barry Seth Gilbert**

#### **Educational Background and Business Experience**

Barry Seth Gilbert was born in 1967. He has a BA in Philosophy from Haverford College, an MA from the Pennsylvania State University, and a PhD from Boston University. He is a Vice President and Portfolio Manager for LPL Research and has been with the firm since 2013. Prior to joining LPL, he taught at Harvard University.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

#### **Other Business Activities**

Mr. Gilbert is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Gilbert is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Gilbert receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

#### **Supervision**

Mr. Gilbert reports up to Mr. White, who as the Chief Investment Officer of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Gilbert also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

### **Marcus Ehlers**

#### **Educational Background and Business Experience**

Marcus Ehlers was born in 1960. He has a BA from the University of Iowa. He is Executive Vice President of Trading and Client Compensation at LPL and joined LPL in 2010. Prior to joining LPL, Mr. Ehlers was an internal business consultant at Fidelity Investments from 2009 to 2010, and a Vice President at Schwab Institutional prior to 2009.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

#### **Other Business Activities**

Mr. Ehlers is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Ehlers is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Ehlers receives a regular salary and a discretionary bonus.



## MODEL WEALTH PORTFOLIOS (MWP) – PROGRAM BROCHURE

### Supervision

As Executive Vice President of Trading and Client Compensation, Mr. Ehlers is responsible for trade execution in LPL's advisory programs, subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

1055 LPL Way, Fort Mill, South Carolina 29715

