



## **FORM ADV PART 2A- APPENDIX 1 401(k) SELECT WRAP BROCHURE**



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This brochure provides information about the qualifications and business practices of First Allied Advisory Services, Inc. If you have any questions about the contents of this brochure, please contact us at 800-223-0989. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

First Allied Advisory Services, Inc. is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

This brochure details important disclosure information about certain programs that we offer. We do offer other programs that are not discussed in this brochure.

Additional information about and First Allied Advisory Services, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2- Summary of Material Changes

The following items explain material changes that you should be aware of as a current or prospective client of First Allied Advisory Services, Inc. advisory programs or services. Each year you will receive either a summary of material changes that were made to our Form ADV disclosure brochures over the previous year or an updated brochure. If you would like a full copy of any of our current Form ADV disclosure brochures at no cost to you, please contact your advisor or First Allied Advisory Services at 800-223-0989.

Summarized below are the material changes that have been made to our Form ADV disclosure brochures since our March 2019 annual amendment:

- We have amended our brochure to provide additional information regarding the costs associated with our advisory programs, specifically related to the fees and expenses associated with mutual funds, ETFs and other pooled investment products. We have also provided additional information regarding mutual fund share classes and the availability of share classes in our advisory programs.

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## Introduction

The 401(k) Select advisory program is sponsored by First Allied Advisory Services, Inc. ("FAAS"), a registered investment adviser. Clients of the 401k Select program are 401(k) retirement plans. This wrap brochure details only the 401(k) Select program. FAAS offers other wrap and non-wrap programs that are described in separate brochures. Your advisor will provide you with brochures describing these programs upon request. Throughout the remainder of this text, "we," "us," and "our" refers to FAAS.

### *FAAS' Background*

FAAS, a Delaware corporation, is an investment adviser registered with the SEC. Being registered does not mean that FAAS is endorsed by any regulatory authority; it simply means that FAAS is required to follow the rules for investment advisers established by the SEC. Representatives of FAAS' investment adviser are required to be registered for advisory business in the state of their principal place of business. For advisory business in Texas, the investment adviser representative would also be required to be properly registered in that state prior to the solicitation of any advisory business in that state.

Most representatives of FAAS are also registered as independent contractor registered representatives with First Allied Securities, Inc. ("First Allied"), an affiliated registered broker-dealer, a registered municipal advisor with the SEC, and member FINRA/SIPC, which allows them to offer brokerage products and services to clients. Compensation for brokerage products and services is a commission based on each transaction executed. Representatives of First Allied are registered to conduct brokerage business in each state where clients reside. Some representatives of FAAS are also registered with affiliated broker-dealers or registered investment advisers, or unaffiliated registered investment advisers. Please see the representative's Form ADV Part 2B for specific information about the companies each individual is registered with.

FAAS was founded in 2007 and is owned by First Allied Holdings, Inc. ("Holdings"), which is wholly owned by Aretec Group, Inc. (Aretec). Aretec is a wholly-owned subsidiary of GC Two Intermediate Holdings, Inc., and an indirect wholly-owned subsidiary of GC Two Holdings, Inc. Holdings is also the parent company of First Allied and other affiliated entities that offer financial products and services (see Item 10- Other Financial Industry Activities and Affiliations).

FAAS is not a custodian of any accounts. Accounts for the 401(k) Select program are custodied at MG Trust. Accounts for other wrap and non-wrap programs that FAAS offers are custodied at Pershing, LLC ("Pershing"), Fidelity Investments ("Fidelity"), or other approved custodians. The use of other custodians is limited and may be allowed on a case by case basis with the approval of our management team and may only be approved for certain representatives. The majority of FAAS' advisory accounts are introduced to custodians through First Allied.

### *Our Corporate Structure*

FAAS has approximately 510 producing investment adviser representatives ("IARs") as of December 31, 2019. Our producing IARs are independent contractors and business owners. Each IAR is responsible for maintaining his own client relationships. The IARs contract with us to utilize our advisory programs in an effort to help their clients meet financial goals and needs. We provide services to you through these advisory programs.

Our back-office operations are split between San Diego, CA, El Segundo, CA, Des Moines, IA, and St. Cloud, MN. Our IARs have branch offices across the United States. Each of our IARs is supervised by another individual registered with our firm. The supervisor is called a designated registered principal ("DRP") or designated supervisory principal ("DSP"). DRPs are registered individuals that have contracted to work with us and are often producing IARs and representatives themselves. DSPs are our employees and are generally located in our San Diego, CA, office.

### *Devotion of Resources*

Most FAAS IARs are independent contractor registered representatives with First Allied. If your IAR is a registered representative, he may divide his time between broker-dealer activities and advisory activities and have responsibilities to both FAAS advisory clients and First Allied brokerage clients. Depending on your IAR's individual business mix and client base, he may spend more or less time devoted to broker-dealer activities than other IARs. In addition to broker-dealer activities and responsibilities, your IAR may also be engaged in one or more outside business activities. These outside activities may or may not be related to the financial industry. Your IAR will provide you with a copy of his Form ADV Part 2B brochure supplement, which describes his business background and material outside business activities.

### *Our Advisory Activities*

Through our IARs, we offer a variety of investment advisory products and services for a fee. The following list includes some of our more common offerings:

- Assistance in selecting a portfolio manager
- Ongoing evaluation and review of portfolio managers
- Evaluation and review of portfolio composition
- Management of accounts
- Financial planning
- Consultation on client assets
- Active portfolio management

Portfolio management includes designing and implementing a portfolio through buying and selling stocks, bonds, mutual funds, options, managed futures, insurance products, private placements, and other securities. Our representatives, including your IAR may personally buy and sell the same securities that you buy and sell. This conflict of interest is discussed fully in the Code of Ethics section of Item 9- Additional Information.

Our IARs are permitted to offer you advisory programs that are managed by the IAR, other FAAS IARs, or by unrelated third-party managers. IARs may rely on research or model portfolios provided by an affiliated third-party manager, Cetera Investment Management LLC (“CIM”).

We consider your investment goals and needs when recommending any advisory program or service. Your IAR will collect information from you regarding your risk tolerance, investment objective(s), and investment time horizon and other factors that will assist us in determining your investment objective for each account. You may have multiple accounts with us, with differing investment objectives, particularly if you intend to use certain accounts for specific purposes (such as transferring assets to a young child, many years in the future). If you would like multiple accounts to be managed under one investment objective, please ask your IAR to discuss the advisory programs we offer on the Guided Portfolio Solutions and My Advice Architect platforms, which are described in other brochures.

Our intention is to provide you with programs and services that will help you to meet your goals and needs. We will gather personal information when helping you choose a program or service. This information may include:

- Your investing experience
- How soon you need the money
- Your retirement goals
- Your current financial situation and future needs
- Your annual income
- Your ability to lose money
- Your ability to withstand market fluctuation
- Your personal instructions on how to invest

**Please contact your IAR any time this information changes so that your IAR can review your existing accounts to see if any changes need to be made.** We encourage you to meet with your IAR annually to review your portfolio(s). You may impose reasonable investment restrictions in any of our advisory programs by written notification to and acceptance of both us and the third-party manager (if applicable).

We offer both wrap and non-wrap programs. A wrap program is one in which you pay a single “wrapped” fee for both investment advisory and brokerage execution services. This wrap fee is not based on the number of transactions made in your account. It is based on the size of the account(s) we manage for you. If you invest in a non-wrap program, you may be subject to charges for each transaction in addition to the advisory fee. Because wrap programs do not have fees or charges associated with each transaction, wrap fees may be greater for similar services than non-wrap fees. Clients paying wrap fees may pay a higher percentage of the account value on an ongoing basis for similar services as non-wrap clients. Non-wrap clients may pay a higher or lower overall fee for the same services, depending on the number of trades in their account during a billing period. Clients may request fee information on similar programs from their IAR.

#### *Information on All Advisory Programs*

You pay us fees for our programs and services. We pay a portion of these fees to your IAR. The fees we retain may be different between IARs, depending on their agreement with us. You should also be aware that the compensation to FAAS and your IAR will differ according to the specific advisory program chosen. This compensation to FAAS and your IAR may be more than the amounts we would otherwise receive if you participated in another program or paid investment advice, brokerage, and/or other relevant services separately. As a result of the differences in fee schedules and other sources of compensation that exist among the various advisory programs and services offered by FAAS and your IAR, we have a financial incentive to recommend particular programs or services over other programs and services available through FAAS.

Regardless of which advisory program or service you choose, your IAR will work with you to collect suitability information that will aid in the creation of recommendations. This suitability information is maintained on internal systems and documents. Your IAR is required to submit the completed suitability information to his supervisor for review and approval. It is your responsibility to notify your IAR if your financial circumstances change so that your IAR may work with you to determine if a change in your investment(s) may benefit you. Your IAR is also responsible for the ongoing review of your account(s) and regular communication with you. Our IARs provide investment advice only with respect to limited types of investments.

The 401k Select program is a wrap program. We offer additional wrap programs that are not detailed in this brochure and we also offer several non-wrap programs that are detailed in our Form ADV Part 2A disclosure brochures. Your IAR can provide you with these other brochures upon request. Some non-wrap programs that we offer are similar to the wrap programs that we offer. Your IAR will work with you to decide which program will best serve your needs.

#### *Managed Assets*

Every year we calculate the amount of assets that we manage. As of December 31, 2019, we managed:

- \$6,850,073,585 in discretionary assets
- \$150,264,000 in non-discretionary assets

Discretionary assets are the assets with which we have the authority to determine whether to buy or sell securities. This authority is called a trading authorization and is described in more detail in the Investment Discretion section of Item 9- Additional Information. Non-discretionary assets are assets in accounts that we provide recommendations on, as to the purchase or sale of specific securities. We do not place orders to buy or sell non-discretionary assets without first receiving your authorization.

## Item 4- Services, Fees and Compensation

### *Fee Overview*

The fees that we charge for advisory programs or services will depend on several different factors. The fees for advisory programs are generally based on the “Assets Under Management.” This means that the account is charged a fee based on the account balance as of a certain date. These fees are negotiable between you and the IAR offering the service.

401(k) Select program accounts are charged a quarterly advisory fee based on the account’s average balance for each calendar quarter (ending March 31, June 30, September 30, and December 31). The average balance is calculated by taking the account’s average balance as of the first and last business day of each calendar month for the quarter and multiplying this number by one quarter of the annual fee. If the last day of a calendar month falls on a day that the New York Stock Exchange is closed, the account balance on the last business day of the calendar month is used in the calculation of the advisory fee. This fee is charged in arrears for the services provided over each calendar quarter. Plan participants will only be charged an advisory fee for the portion of a quarter that the account receives advisory services. For new accounts, the account will be billed for the remaining days in the quarter. For accounts that are closing, participants will only pay fees for the portion of the quarter that the account was receiving advisory services. Fees for deposits and contributions to the 401(k) Select program account are prorated.

Advisory fees are deducted directly from the account. The account statements plan participants receive from MG Trust will reflect the deduction of these fees. Fees are deducted from the accounts in the month following quarter end.

### *Program Fees*

For the 401(k) Select program, the program fee is split between us and Columbus Macro, LLC. A portion of the program fee is also paid to service providers that we hire to help us administer the 401(k) Select program. This program fee is not negotiable. However, the program fee will be different based upon your IAR’s relationship with us. For example, if the combined value of your IAR’s client accounts exceeds a certain amount of assets under management, we will allow your IAR to have a lower program fee. If your IAR has a lower program fee, this will not change the total advisory fee you pay, but presents a conflict of interest (we address this conflict of interest and others in this item and in Item 9 – Additional Information). Program fees are subject to change without notice, but these changes do not affect the fee that you pay to us.

### *Management Fee*

The management fee is paid to the IAR servicing the account. You and your IAR will negotiate this fee for each program account and it may not be the same for each account. It may also be different than the fees your IAR has negotiated with other clients, or the fees other IARs have negotiated with other clients for similar services. We retain a portion of the management fee as compensation for various services that we provide to your IAR and to you.

Once negotiated with you, your IAR’s management fee is fixed. However, your IAR’s costs associated with managing your account will vary depending on the investment choices that he decides are appropriate for your account. This creates a conflict of interest because your IAR has an incentive to manage the account in a manner that will maximize his compensation rather than manage the account without regard to compensation payable to him. This difference in your IAR’s compensation will not affect the advisory fee that you pay to us. We help mitigate this conflict of interest by requiring that your IAR adheres to his fiduciary obligation of managing accounts solely based on the best interests of clients and by establishing a maximum advisory fee for each advisory program.

### *Total Advisory Fee*

You and your IAR will agree on your total advisory fee for each account prior to establishing the account. The total advisory fee is the sum of the program fee and the management fee. At any time, you and your IAR may agree to amend the original fee and submit a new statement of investment selection with a different total advisory fee listed. There are maximum allowable advisory fees for each program and we will not allow you to be charged more than this amount. The maximum allowable advisory fee may differ among programs but is consistent for all IARs and all clients in each program. This maximum advisory fee is noted on the investment advisory agreement and in the fee schedules listed in this section.

### *Fee Schedules*

Each advisory program we offer has its own fee schedule. The fee schedule will outline the program fee and the management fee. Generally, the management fee is negotiable with your IAR. The program fee is paid to us and is non-negotiable. In the 401(k) Select program, the amount of your advisory fee, as a percentage, will remain the same regardless of the size of your account. Your advisory



fee will not increase, as a percentage, as your account balance increases. Fee schedules and other information about account charges for the 401(k) Select program are listed below.

## **401(k) Select Program**

By choosing the 401k Select program, your plan receives two distinct types of services: Individually Managed Account (“IMA”) selection and portfolio management of a company-sponsored 401(k) plan account (Professionally Managed Portfolio (“PMP”). As trustee, you work with us and Columbus Macro, LLC to establish the IMA selection for your company’s retirement plan. By working with us to establish a list of mutual funds available to your plan’s participants, you are allowing plan participants to create their own portfolios.

Your plan’s participants also have the option of choosing PMP. By choosing PMP, participants are opting to have their company-sponsored retirement plan account managed by Columbus Macro, LLC. PMP allows plan participants to choose from five different asset allocation models (portfolios): Conservative, Conservative Growth, Moderate Growth, Growth, and Aggressive Growth. Each of these models is actively managed by Columbus Macro, LLC. Columbus Macro, LLC’s management style for each asset allocation model provides broad diversification across most major asset classes through the purchase of a basket of selected mutual funds. The portfolios include a consistent allocation to stocks, bonds, and alternative assets. A description of each of the asset allocation models follows.

### *Conservative Portfolio*

The Conservative portfolio represents the most conservative asset allocation model offered in the 401(k) Select program. The Conservative portfolio is allocated to approximately 20% equity/80% fixed income, prioritizing capital preservation over appreciation. The Conservative portfolio is most appropriate for clients with below average risk tolerance and/or approaching retirement.

### *Conservative Growth Portfolio*

The Conservative Growth portfolio is allocated to approximately 40% equity/60% fixed income, seeking both capital preservation and appreciation. The Conservative Growth portfolio is most appropriate for clients with slightly below average risk tolerance and/or that are starting to near retirement.

### *Moderate Growth Portfolio*

The Moderate Growth portfolio is allocated to approximately 60% equity/40% fixed income, seeking both capital appreciation and preservation. The Moderate Growth portfolio is most appropriate for clients with slightly above average risk tolerance and/or many years until retirement.

### *Growth Portfolio*

The Growth portfolio is allocated to approximately 80% equity/20% fixed income, prioritizing capital appreciation over preservation. The Growth portfolio is most appropriate for clients with above average risk tolerance and/ or that are far from retirement.

### *Aggressive Growth Portfolio*

The Aggressive Growth portfolio represents the most aggressive asset allocation model offered in the 401(k) Select program. The Aggressive Growth portfolio is allocated to approximately 97.5% equity/2.5% fixed income, prioritizing capital appreciation over preservation. The Aggressive Growth portfolio is most appropriate for clients with above average risk tolerance and/or that are far from retirement.

### *Information on All Portfolios*

Although each of the portfolio descriptions listed above detailed an optimal allocation of equity and fixed income holdings, each portfolio’s allocation will vary over time. This variance is generally due to either market movement or Columbus Macro, LLC’s outlook on the market or economy. There is no account minimum for 401(k) Select program accounts.

When plan participants enroll in your company’s plan, they will choose to either invest in the mutual funds selected as part of the IMA selection or participate in our PMP option. The IMA and PMP options have different fee schedules. Both the IMA and PMP advisory fees are “flat” fees, meaning that the account is billed the same percentage regardless of the account balance.

Individually Managed Account fee schedule:

Program Fee (annually)	Management Fee (annually)	Total Advisory Fee (annually)
0.05%	1.10%	1.15%

Professionally Managed Portfolio fee schedule:

Program Fee (annually)	Management Fee (annually)	Total Advisory Fee (annually)
0.30%	1.10%	1.40 %

Please refer to the **Other Fees** section below for additional fees that apply to 401(k) Select accounts.

## **Other Fees**

Mutual funds often charge investors additional advisory or management fees for the services provided by the fund manager. FAAS, First Allied, and our IARs do not accept mutual fund trailers in 401(k) Select program accounts.

In addition, your account may be subject to other fees charged by the custodian of your account. Electronic funds and wire transfer fees, transfer taxes, account maintenance fees, margin fees, transaction charges, exchange fees, and odd lot differentials are examples of fees that may be charged by the custodian. These fees are charged by the custodian and are not included in the advisory fee that you pay to us for management of your account. In some cases, certain of these custodian fees may be paid by your IAR, on an account by account basis. Your IAR is not required to pay these fees on your behalf and your IAR may elect to not pay for any or all fees for each of his clients' accounts.

#### *Compensation from Strategic Partners*

Although we offer thousands of mutual funds from more than 250 mutual fund companies, and hundreds of variable life and annuity contracts from more than 100 insurance companies, we concentrate our marketing and training efforts on those investments offered by a much smaller number of select and well-known companies (Strategic Partners). Strategic Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Strategic Partners have more opportunities than other companies to market and educate our IARs on investments and the products they offer. For a current list of our Strategic Partners, please see the below list of Strategic Partners.

Our Strategic Partners pay extra compensation to us and/or our affiliates in addition to the usual product compensation described in the prospectus. This presents a conflict of interest in that our IARs and we have an incentive to recommend products offered by our Strategic Partners. The additional amounts Strategic Partners pay us vary from one Strategic Partner to another and from year to year. Some Strategic Partners pay us or our affiliates up to 0.45% of your total purchase amount of a mutual fund or variable insurance product. So, for example, if you invest \$10,000 in a mutual fund, we could be paid up to \$45. Additionally, some Strategic Partners make a quarterly payment or additional quarterly payment based on the assets you hold in the fund or variable insurance product over a period of time of up to 0.15% per year. For example, on a holding of \$10,000, we could receive up to \$15.

Alternatively, we may receive compensation from the mutual fund or insurance company as: (1) a flat fee regardless of the amount of new sales or assets held in client accounts; or (2) the greater of such flat fee or amount based on assets and/or new sales as referenced above and any ticket charge payments referenced below. These payments are designed to compensate us for ongoing marketing and administration and education of our employees and IARs. You do not make these payments. They are paid by the mutual fund and insurance companies and/or their affiliates out of the assets or earnings of the funds or insurance companies or their affiliates.

It is important to note that you do not pay more to purchase Strategic Partner mutual funds or insurance products through us than you would pay to purchase those products through another broker-dealer, and your IAR does not receive additional compensation for selling a Strategic Partner product.

We also receive revenue sharing payments from companies that are not Strategic Partners, as described below.

#### *Conflicts of Interest in Receiving Revenue Sharing from Strategic Partners*

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

#### *Training and Education Compensation*

We and our IARs also receive additional compensation from mutual fund and insurance companies, including Strategic Partners that is not related to individual transactions or assets held in accounts. This money is paid, in accordance with regulatory rules, to offset up to 100% of the costs of training and education of our IARs and employees. In some instances, mutual fund and insurance companies pay a flat fee in order to participate in our training and educational meeting. These meetings or events provide our IARs with comprehensive information on products, sales materials, customer support services, industry trends, practice management education, and sales ideas.

It is important to note that due to the number of mutual fund and variable insurance products we offer, not all product sponsors have the opportunity to participate in these training and educational events. In general, our Strategic Partners have greater access to participation in these events and therefore greater access to, and opportunity to build relationships with, our IARs.



Some of the training and educational meetings for which we or our IARs receive reimbursement of costs include client attendance. If you attend a training or educational meeting with your Advisor and a product sponsor is present, you should assume that the product sponsor has paid for all or a portion of the costs of the meeting or event.

#### *Other Cash and Non-Cash Compensation*

In addition to reimbursement of training and educational meeting costs, we and our IARs receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and direct participation sponsors, as permitted by regulatory rules. The sale of mutual funds, variable insurance products and other products, whether of our Strategic Partners or not, may qualify our IARs for additional business support and for attendance at seminars, conferences and entertainment events. Further, some of our home-office management and certain other employees receive a portion of their employment compensation based on sales of products of Strategic Partners.

#### *Exchange Traded Products Partner Program*

First Allied offers an exchange traded products partner program (ETP Partner Program), which as described below, has similar features to the First Allied's Strategic Partner Program. First Allied currently has entered into agreements with the ETP Partners listed below, and intends to add additional ETP Partners on an ongoing basis. For the most current list of our ETP Partners, please refer to our website at <http://www.firstallied.com> or call your Advisor.

Although we offer thousands of exchange traded products (ETPs), we concentrate our marketing and training efforts on those investments offered by select and well-known ETP Partners. An ETP Partner is selected, in part, based on the competitiveness of its products, its technology, its customer service and its training capabilities. An ETP Partner has greater exposure to our Advisors (e.g., at conferences), and more opportunities to market and educate our Advisors on investments and the products they offer.

An ETP Partner pays extra compensation to us and/or our affiliates in addition to the compensation described in the prospectus. The additional amounts may vary from one ETP Partner to another and from year to year. In general, an ETP Partner pays us the greater of an annual flat fee regardless of the amount of new sales or assets held in client accounts or up to 0.25% of the ETP's net expense ratio (as set forth in the prospectus or supplement) of your investment's average daily balance during the quarter. So, for example, for each \$10,000 average quarterly daily balance of an ETP Partners' product held by our clients, we would be paid up to \$25 on an annual basis. Further, if the annual flat fee were \$500,000 and the total asset-based fee did not reach that amount we would still be paid \$500,000.

These payments help compensate us and our affiliates for maintaining our platform and providing ongoing marketing, administration and education to our employees and representatives. The payments are paid by the ETP Partner and/or their affiliates out of the assets or earnings of the ETP Partner or their affiliates. You do not pay more to purchase an ETP Partner's product through us than you would pay outside of the ETP Partner Program, and your representative does not receive additional compensation for selling an ETP Partner product. For the most current description of the compensation we receive from ETP Partners, please refer to the First Allied's website at <http://www.firstallied.com>.

#### *Conflicts of Interest in Receiving Revenue Sharing from ETP Partners and with Ticket Charge Waivers*

A conflict of interest exists in the recommendation of ETP Partner products since we receive additional revenue if you purchase an ETP Partner product and/or if you purchase a product from one particular sponsor instead of another. Your representative also indirectly benefits from ETP Partner payments when the money is used to support costs relating to product review, marketing or training, or for waiver of ticket charges, as described below. Our Advisors do not receive any compensation associated with the revenue sharing payments.

When you purchase an ETP Partner product, we absorb the nominal "ticket charge" (sometimes referred to as a transaction charge) for each transaction, which would normally be paid by you or your Advisor. In general, the ticket charge will be waived for the purchase of certain ETPs in an amount of \$5,000 or more. These ticket charge waivers result in a conflict of interest between you and your Advisor in accounts where the advisor pays the ticket charge because your Advisor has a financial incentive to recommend an ETP Partner product that does not assess transaction charges over an ETP that does.

In general, if you are not comfortable with the use of ETP Partner products in your account and the resulting conflicts of interest, then you should notify your Advisor of this preference and you should not participate in any advisory program that includes ETP Partner products.

#### *List of Exchange Traded Products Partners:*

- First Trust Advisors L.P.
- WisdomTree Asset Management, Inc.

## *Retirement Strategic Partners Program*

FAAS and/or First Allied also receives certain revenue sharing payments from third-party firms, including plan recordkeeping platforms as well as investment managers of mutual funds and the issuers of annuities (each a “Retirement Partner”). Retirement Partners participate in activities that are designed to help facilitate the distribution of their products and services, such as marketing activities and educational programs, including attendance at conferences and presentations to FAAS’ IARs. These revenue sharing payments are in the form of a fixed dollar amount that does not depend on the amount of the plan’s investment in any product utilization of any Retirement Partner’s services. Retirement Partners also pay FAAS and/or First Allied’s expenses, or provide non-cash items and services, to facilitate training and educational meetings for FAAS’ IARs, which similarly do not depend on the amount of the plan’s investment in any product or utilization of any Retirement Partners’ services. Our IARs do not receive any portion of these payments.

Retirement Partners currently include:

- American Funds
- Ameritas
- Ascensus
- Empower Retirement
- John Hancock
- J.P. Morgan Asset Management
- Lincoln Financial Group
- Mutual of Omaha
- Nationwide Financial
- Principal Financial Group
- Transamerica Retirement Solutions
- Voya

It is important to note that you do not pay more to purchase Retirement Partner products or services through FAAS than you would pay to purchase those products or services through another broker-dealer, and your IAR does not individually receive additional compensation for selling or recommending a Retirement Partner product or service.

## *List of Strategic Partners*

The following is the list of Strategic Partners in alphabetical order:

### *Mutual Fund Companies*

• Allianz Global Investors	• JP Morgan Investment Management
• American Funds Distributors	• Lord, Abnett & Co. LLC
• Blackrock Investments, LLC	• New York Life Mainstay
• Columbia Management	• Pacific Life
• DWS Securities	• PGIM
• Eaton Vance Distributors, Inc	• PIMCO
• Federated	• Pioneer Funds Distributor, Inc.
• Fidelity Investments	• Principal Funds
• Franklin Templeton Distributors, Inc	• Putnam Investments
• Goldman Sachs Asset Management	• Transamerica
• Invesco	• Virtus Investment Partners, Inc.
• Ivy Funds	• Voya Investment Management (ING Funds)
• John Hancock Funds	

For American Funds, the ticket charges are waived for purchases over \$10,000.

For Fidelity Investments, ticket charges are waived on Fidelity Advisor Funds. Fidelity Direct Funds are not included in this program.

Please note that fee waivers do not apply on ERISA Title I Advisory accounts where the advisor is paying the ticket charges.

### *Verification of Fees*

You are always responsible for verifying that the fee you are charged is accurate. The custodian will not determine whether the fee is properly calculated. Should you find an error, please contact your IAR immediately. If you are not satisfied with the action your IAR takes, you may contact us at the number on the cover page of this document.

## Item 5- Account Requirements and Types of Clients

Most programs we offer have account minimums (if the program requires an account). 401(k) Select program accounts do not have a minimum account size requirement. If you have questions about wrap programs not described in this brochure, please ask your IAR to provide you with our other wrap fee brochures.

Our IARs open accounts for individuals, high net worth individuals, banking institutions, pension plans, profit sharing plans, charitable organizations, and other corporations and businesses. The majority of these accounts are opened for individuals not considered high net worth individuals. Our clients may have both advisory accounts and brokerage accounts. Our representatives may offer you advisory services, brokerage services, or both, depending on your needs.

401(k) Select program accounts are only available to participants of company-sponsored retirement plans whose plan sponsor or trustee has contracted with us to provide advisory services through the 401(k) Select program.

## Item 6- Portfolio Manager Selection and Evaluation

A review is conducted of each third-party manager or platform that provides management services to our clients. We call this process “due diligence.” Our due diligence process starts with the third-party manager completing a comprehensive questionnaire designed to provide us with information about the third-party manager and its investment process. We review each third-party manager based on guidelines we have developed to allow us to offer you reputable management, based largely on its answers to the questionnaire.

Along with reviewing the questionnaire, a more detailed review of the critical data is conducted, including:

- The ownership structure
- Employees, including investment professionals, marketing and client service staff
- Regulatory, legal, and compliance issues of the third-party manager
- The third-party manager’s performance, both current and historical
- In some cases, the third-party manager’s financial statements

We have an internal review committee that reviews this information and decides if the third-party manager will be approved to manage our program accounts. We also conduct interim reviews of the third-party managers we have previously approved. Our review process follows the same general guidelines as the initial process, including the third-party manager completing a questionnaire. Unless material information is discovered during this review, additional approval is not required to continue the relationship with the third-party manager.

Columbus Macro, LLC is the only choice for portfolio manager for the 401(k) Select program. By choosing our 401(k) Select program, you are allowing your plan’s participants to select Columbus Macro, LLC as their portfolio manager. In addition, you are electing to have Columbus Macro, LLC create a suite of funds from which your plan’s participants can create their own portfolio. Other programs that we offer give you the ability to choose from a selection of managers. These other programs are detailed in separate disclosure brochures that your IAR can provide to you upon request.

## Item 7- Client Information Provided to Portfolio Managers

For most of our programs, the information that we provide to the managers varies depending on the amount of information the manager requests. Non-public information is information about you that is not available to the public. Your social security number, your net worth, and your annual income are examples of non-public information. Public information is information about you that is readily accessible to the public. Public information may include your name, phone number, and address.

If you select the 401(k) Select program, we may provide Columbus Macro, LLC with identifying information about your account, including non-public information. For all accounts, including those in the 401(k) Select program, your IAR will have access to all of the non-public information you provided when opening the client account. This information is protected in accordance with our Privacy Policy. A copy of our Privacy Policy is available on our website

([https://www.firstallied.com/uploads/11/04/Privacy\\_Policy.pdf](https://www.firstallied.com/uploads/11/04/Privacy_Policy.pdf)). A copy is provided to you after you open an account with us and annually thereafter.

## Item 8- Client Contact with Portfolio Managers

Your IAR serves as the contact point for any questions or changes you have related to your accounts. Columbus Macro, LLC is not generally available for you to speak with. However, your IAR may be able to facilitate contact with the manager on your behalf.

## Item 9- Additional Information

### **Conflicts of Interest**

Your IAR will receive compensation as a result of your participation in the programs described in this brochure. The amount of this compensation may be more or less than the amount of compensation your IAR would receive if you were to pay separately for investment advice, brokerage, and other services. However, we attempt to design all of our advisory programs with pricing competitive with what a client might pay for investment advice, brokerage, and other services separately.

*Program Choice Conflict of Interest* - Clients should be aware that the compensation to the Firm and your Advisor will differ according to the specific advisory program chosen. The compensation to the Firm, its Related BD and your Advisor will be more than the amounts otherwise received if you participated in another program or paid for investment advice, brokerage, and/or other relevant services separately. As a result of the differences in fee schedules and other sources of compensation that exist among the various advisory programs and services offered by the Firm, its Related BD and your Advisor, we have a financial incentive to recommend particular programs or services over other programs and services available through the Firm.

Your IAR will receive a higher percentage of management fees for certain programs. This presents a conflict of interest in that your IAR benefits from recommending certain programs based on the difference in compensation he receives rather than selecting investments without regard to compensation payable to him. If your IAR qualifies for reductions in the program fee paid to us, this results in additional compensation to your IAR. To mitigate this conflict of interest, we require that any program you invest in must be suitable for your investment goals and financial needs. If your IAR qualifies for reductions in the program fee paid to us, which results in additional compensation to your IAR, your total advisory fee will not exceed the stated maximum for the programs.

In addition to advisory fees, your IAR may earn sales incentives or awards based on the value of assets under management, investment products sold, number of sales, client referrals, amount of new deposits or amount of new accounts. Your IAR may also receive forgivable loans from First Allied or its affiliates, which are conditioned on your advisor retaining First Allied's broker-dealer and/or FAAS' registered investment adviser services. This additional economic benefit creates a conflict of interest for your IAR to retain affiliation with FAAS in order to avoid re-payment on a loan.

In certain cases, we may be compensated by unaffiliated third-parties based on the amount of assets our IARs may place with them. This represents a conflict of interest in that your IAR may be incentivized to recommend the services of the third-party from which additional compensation may be received. In other cases, your IAR may incur fewer expenses from the third-party as a result of the amount of assets the IAR has placed with the third-party. Generally, the fees that the third-party charges will be lower as the amount of assets that is placed with them increase. Therefore, your IAR may be incentivized to recommend the services of the third-party.

To the extent that Cetera Retirement Plan Specialists acts as the Third-Party Administrator ("TPA") for your company-sponsored retirement plan, you should be aware that Cetera Retirement Plan Specialists and FAAS are related parties. Thus, any recommendations made to you to utilize the services of Cetera Retirement Plan Specialists may represent a conflict of interest. Cetera Retirement Plan Specialists may only serve as the TPA for your company-sponsored retirement plan with your consent. For more information on Cetera Retirement Plan Specialists, please see Item 9- Additional Information.

Your IAR may also be registered as an independent contractor registered representative with First Allied. This may create a conflict in that your IAR may be able to choose between offering you advisory programs or services and brokerage products or services. The amount and manner of compensation that your IAR receives in either of these capacities presents a conflict of interest. To mitigate this conflict of interest, we require that any advisory program or advisory service that you are offered is suitable for your investment goals and financial needs. First Allied conducts suitability reviews for product solicitations.

Furthermore, your IAR may also be registered with other affiliated investment advisers and/or broker-dealers that are part of Cetera Financial Group's network of investment advisers and broker-dealers. This may represent a conflict of interest since your IAR may be incentivized to offer certain services through one entity over another. However, as a fiduciary, your IAR is required to act in your best interest. For more information on Cetera Financial Group, please see Item 9- Additional Information.

Your IAR may have a financial interest in certain securities. We do not permit our IARs to solicit for or use discretionary trading authority in any purchases or sales in a security in which that IAR has a material financial interest. Your IAR may purchase or sell the same security he solicits for or uses discretionary trading authority for his client accounts as long as he does not have a material financial interest in the security. This presents a conflict of interest. Our Code of Ethics mitigates this conflict by detailing policies designed to ensure that clients are not disadvantaged by an IAR's trading activity.

You may be eligible to receive breakpoints, or discounts, on the fees that you pay to purchase or hold mutual funds in your account if your total investment in one or more particular mutual fund sponsors reaches certain levels. In certain cases, you can aggregate your investments in different accounts to reach these levels. We have established surveillance systems designed to help us monitor your total investments in each mutual fund sponsor. However, the person granted trading authorization over your account may select mutual funds that prevent you from reaching a breakpoint level and taking advantage of a price break. In addition, if your account is

managed by a third-party, we do not have the ability to ensure that your breakpoint levels will be a consideration in their investment decisions. For more information about breakpoints for the specific mutual funds you may hold in your account, please reference the mutual fund prospectus.

Though our advisory programs are generally only available through our IARs, similar programs or investment advice may be available from other investment advisers. In addition, you have the option to obtain similar investment products through investment advisers that are not affiliated with us. These services may cost you more or less if obtained elsewhere.

Certain of our IARs and employees have an ownership interest in Holdings, which presents a conflict of interest with respect to their selection of advisory programs and services in that certain programs and services are more profitable to Holdings and its subsidiaries than other programs and services. As owners of Holdings, these individuals have an interest in its highest profitability. We help mitigate this conflict by requiring that all IARs and employees abide by our Code of Ethics, which is described more fully in the Code of Ethics section of this Item.

### **Performance-Based Fees**

Performance-based fees are fees that are based on a share of capital gains on or capital appreciation of the assets in an account. Your IAR is not permitted to charge performance-based fees.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

#### *Types of Risk*

Various types of risk are involved when investing in securities. Economic risk, market risk, currency risk, inflation risk, liquidity risk, and credit risk are examples of the types of risks to which your account may be subject.

#### *Assessing Risk*

While some types of risk can be mitigated by investment strategies, these risks cannot be eliminated completely. Your IAR will work with you to make sure that you are comfortable with the risks associated with the type of investments that are in your account.

#### *Risk of Loss*

You should know that all types of securities investing involve risk, sometimes substantial risk. Your account value can both increase and decrease over time. You should not invest in any product if you are not prepared to bear a potential loss.

Past performance does not guarantee future results.

#### *Liquidity Risk*

Liquidity is a financial institution's capacity to meet its cash and collateral obligations without incurring unacceptable losses. Liquidity risk is the risk to an institution's financial condition or safety and soundness arising from its inability to meet its contractual obligations. Some investments used in FAAS programs have limited liquidity, including REITs and interval funds. Some illiquid investments periodically offer to repurchase shares from shareholders. These repurchase offers may have limitations on the total number of shares being repurchased, so an individual investor may not be able to sell shares. If an investment is liquidated pursuant to a repurchase offer, penalties may also be assessed or you may not receive the full value of your investment. You should read the prospectus for any investments.

#### *Management Philosophy*

401(k) Select program accounts are managed by Columbus Macro, LLC. You can find information on Columbus Macro, LLC's methods of analysis and investment strategy by reviewing Columbus Macro, LLC's Form ADV Part 2A disclosure brochure, which your IAR will provide to you when this brochure is given to you.

### **Disciplinary Information**

FAAS and its IARs have been the subject of various regulatory and disciplinary findings by various states and regulatory bodies. The information in this section may impact your decision to do business with us.

On January 2, 2019, the Banking Commissioner of the State of Connecticut entered a Consent Order alleging that First Allied Securities, Inc. and First Allied Advisory Services (collectively "First Allied") failed to establish, enforce and maintain an adequate supervisory system. The Consent Order focused on the conduct of a former representative who, in contravention of First Allied's policies and procedures, shared his First Allied confidential client account log-in credentials with an unregistered branch assistant, who then used the credentials to access a First Allied client's account without the client's knowledge or consent. As a result, the affected investor incurred trading losses. The Consent Order required that First Allied reimburse the affected investor, fined First Allied \$30,000, and directed it to cease and desist from regulatory violations.

In 2011, FAAS entered into a Consent Agreement with the Securities Division of the State of Indiana, whereby FAAS resolved allegations regarding violations of the Indiana Uniform Securities Act, Ind. Code 23-19-1, concerning the registration of certain investment adviser representatives in the State of Indiana. Without admission or finding of a violation, FAAS paid a fine in the amount \$9,000, and a reimbursement payment of the cost of the investigation in the amount of \$1,000.



In addition to the incidents above, certain FAAS IARs have been censured or censured and suspended by non-SEC regulators for violations related to suitability deficiencies, supervision deficiencies, marketing approval deficiencies, improper disclosure of outside business activities, continuing education deficiencies, delinquency of payment of state taxes, insurance deficiencies, sales of unregistered securities. In one case, a FAAS IAR's insurance application was denied by a state.

#### *Affiliated Broker-Dealer*

In August 2017, First Allied Securities, without admitting or denying the findings, consented to the sanctions and to the entry of findings that it disadvantaged certain retirement plan and charitable organization customers that were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The findings stated that these eligible customers were sold share classes that carried higher fees than they were actually required to pay. The findings also stated that the firm failed to reasonably supervise and maintain adequate written policies and controls regarding the application and detection of sales-charge waivers to eligible mutual fund sales and failed to notify and train its financial advisors regarding their availability. As a result of the firm's failure to apply available sales-charge waivers, the firm estimates that eligible customers were overcharged by approximately \$769,054 for mutual fund purchases made since July 1, 2009.

In November 2016, First Allied Securities, without admitting or denying the findings, consented to the sanctions and to the entry of findings that it failed to maintain a process reasonably designed to supervise its registered representatives' recommendation of multi-share class variable annuities (VA's) to its customers and provide sufficient training to its registered representatives and principals on their sale. The findings stated that the firm failed to identify red flags related to long-term income riders with multi-share class VA's and establish, maintain, and enforce a reasonable supervisory system and written supervisory procedures related to their sale, including L-share contracts. FINRA also found that the firm offered and sold various structured products to retail customers without having in place a sufficient supervisory system, including written supervisory procedures, reasonably designed to detect and prevent unsuitable sales of structured products. The firm failed to adequately enforce the firm's procedure requiring supervisory post-trade reviews of structured product transactions, and to fully implement a system and enforce its procedures requiring all registered representatives to complete training prior to soliciting structured products.

Also in November 2016, FINRA found that the firm engaged in sales of inverse, leveraged and inverse-leveraged exchange traded funds (Non-Traditional ETFs). While it provided some training to its registered representatives on these products and imposed certain minimum requirements with respect to customer risk tolerances and objectives, it did not create and implement supervisory procedures that were adequate to monitor their holding periods. The firm failed to implement supervisory procedures to adequately ensure suitability in sales of non-traditional ETFs, and failed to identify or investigate patterns of non-traditional ETFs held for longer than one day. In addition, FINRA determined that the firm failed to supervise the use of consolidated account reports and failed to enforce its books and records requirements for consolidated account reports.

In October 2015, First Allied Securities, without admitting or denying the allegations, entered into an Acceptance, Waiver and Consent that was accepted by FINRA, whereby First Allied Securities accepted FINRA's findings that First Allied Securities failed to identify and apply sales charge discounts to certain customers' eligible purchases of unit investment trusts (UITs). First Allied Securities had no written supervisory procedures regarding sales charges on UITs and the firm relied primarily on its registered representatives to ensure that customers received the appropriate UIT sales charge discounts, despite the fact that the firm did not effectively train representatives and their supervisors to identify and apply such sales charges. First Allied Securities agreed to accept a censure, a fine of \$325,000, and was ordered to \$689,647.34 in restitution to customers.

In March 2015, First Allied Securities consented to a civil penalty in the amount of \$6,690.80 by the State of Nevada, Securities Division for operating unregistered branch office locations.

In January 2013, First Allied Securities, without admitting or denying the allegations, entered into an Acceptance, Waiver and Consent that was accepted by FINRA, whereby First Allied Securities accepted FINRA's findings that First Allied Securities had inadequate supervisory systems and procedures designed to ensure that it delivered the appropriate disclosure documents to clients purchasing unit investment trusts and/or exchange-traded funds. First Allied Securities had engaged a vendor to deliver the written prospectuses to clients, however, First Allied Securities retained ultimate responsibility to ensure the clients received the appropriate documents. First Allied Securities agreed to accept a censure and fine of \$40,000.

In late 2009, the SEC filed an enforcement action against a former First Allied Securities representative. The SEC alleged that the representative engaged in unauthorized and fraudulent trading in two customer accounts. The SEC also issued a "Wells Notice" to First Allied Securities which alleged that First Allied Securities violated certain SEC rules and that it failed to reasonably supervise this registered representative. After considering the surrounding circumstances, First Allied Securities determined that it was in its best interests to settle the matter. The alleged rule violations were in connection with First Allied Securities' supervision of the representative and deficiencies in its e-mail retention system. As part of the settlement, First Allied Securities agreed to accept a censure and pay disgorgement and interest (approximately \$1.46 million) and a fine (\$500,000). In addition, the SEC's order required First Allied Securities to cease and desist from committing or causing any future violations of certain books and records provisions. First Allied Securities also agreed to hire an independent consultant to review its policies and procedures and its system for



implementing policies and procedures. First Allied Securities consented to the issuance of the order without admitting or denying the SEC's findings. A copy of the SEC order is available online at <http://www.sec.gov/litigation/admin/2010/34-61655.pdf>.

First Allied Securities has been censured by multiple state insurance authorities for failure to renew state insurance licenses. First Allied Securities, as a firm, has also been found to have failed to supervise adequately in certain instances, by non SEC regulators. Some of the firms that First Allied Securities has purchased have also been censured by regulatory bodies.

#### *Additional Information*

More information on all of these items, and other items not summarized above, can be found on FINRA's BrokerCheck® (<http://brokercheck.finra.org>). The Form ADV Part 2B brochure supplement that your IAR will provide to you along with this document contains information regarding any disciplinary items that we deem material to your decision to select your IAR to provide you with advisory services. Additional information about your IAR's disciplinary history can also be viewed on BrokerCheck®.

#### **Other Financial Industry Activities and Affiliations**

##### *Broker-Dealer Affiliation*

First Allied is an affiliated broker-dealer that we often use to introduce accounts to custodians. First Allied, a New York corporation, is a broker-dealer registered with the Financial Industry Reporting Authority ("FINRA") and a registered municipal advisor registered with the Securities and Exchange Commission ("SEC"). Being registered does not mean that First Allied is endorsed by any regulatory authority; it simply means that First Allied is required to follow the rules established by FINRA for brokerage business and the Municipal Securities Rulemaking Board ("MSRB") for advisory business on municipal bond proceeds and debt reserve accounts. For municipal advisors, the rules are created through the MSRB and registration is required through the SEC, though FINRA enforces these rules. First Allied, headquartered in San Diego, CA, was founded in 1994. Because First Allied is also owned by Holdings, many of its officers and principals are engaged in business both with First Allied and us. Some of our officers spend up to 90% of their time on First Allied activities, and the remaining 10% on FAAS activities. Other officers devote 100% of their time to FAAS activities.

FAAS and First Allied are a part of Cetera Financial Group, a network of independent broker-dealers, investment advisers registered with the SEC, and general insurance agencies, and are owned by First Allied Holdings, Inc ("Holdings"). Holdings is wholly-owned by Aretec Group Inc. (Aretec). Aretec is a wholly-owned subsidiary of GC Two Intermediate Holdings, Inc., and an indirect wholly-owned subsidiary of GC Two Holdings, Inc.

As a broker-dealer, First Allied places trades for clients for the purchase and sale of stocks, bonds, options, mutual funds, variable insurance products, and private placements. Since the majority of our IARs are registered with First Allied, these services may be available to you if your IAR is a registered representative. Because most of our IARs are registered to offer you both advisory programs and services and brokerage products or services, a conflict of interest exists. The conflict involves the determination of whether advisory business (fee-based) or brokerage business (commission) is more suitable for the client. Because most of our IARs can offer both, your IAR could be conflicted about which business to recommend to you. We attempt to mitigate this risk by reviewing the suitability of the advisory program selected by each client. Ultimately, our IARs will discuss with you which type of business will best help you meet your goals.

You may have brokerage accounts with First Allied. The main differences between an advisory account and a brokerage account are the form of payment, the use of discretionary authority, and our level of responsibility to ensure the transaction is appropriate for you. In an advisory account, you will pay an advisory fee based on the amount of assets in the account; in a brokerage account, you will pay a commission for each transaction. In an advisory account, you may grant us, your IAR, or a third-party discretionary trading authorization that allows us to place securities transactions on your behalf without notifying you prior to placing the transaction; in a brokerage account, we will discuss each transaction with you prior to placing the transaction. Having discretionary trading authorization allows us, your IAR, or the third-party to act quickly on your behalf should there be an opportunity that would benefit you. With a brokerage account, you have the opportunity to approve each trade before it is placed on your behalf.

As a broker-dealer, First Allied buys and sells securities in its own accounts in order to facilitate the trading activities of its clients. First Allied also buys and sells securities on behalf of other clients. First Allied's main activities include retail and institutional client services. First Allied uses its own execution services for advisory clients and brokerage clients, for accounts custodied at Pershing, though, for certain advisory programs not described in this brochure, First Allied uses vendors' execution services. For more information about conflicts of interest arising from our affiliation with First Allied's broker-dealer, please see Item 9- Additional Information.

##### *Other Related Financial Industry Entities*

One of the affiliates to Holdings, Cetera Financial Holdings Inc., also owns multiple other investment advisers, including Cetera Investment Management ("CIM"). We use research and model portfolios provided by CIM in many of our programs. A conflict of interest exists due to these affiliations. We attempt to mitigate this risk by ensuring that policies and procedures are in place requiring our IARs to exercise their fiduciary responsibilities when recommending investments to clients. Client fees are not increased if IARs

use CIM research or model portfolios, and CIM receives no compensation when their services are used by FAAS IARs. Our IARs' recommendations must only take into account what programs or services are best for each client.

Holdings also owns First Allied Retirement Services, Inc. ("Cetera Retirement Plan Specialists") and FASI Insurance Services, Inc. ("FAIS"). Cetera Retirement Plan Specialists is a pension administration firm that provides pension services to pension plan sponsors. Our IARs do not receive any compensation for referring clients to Cetera Retirement Plan Specialists. Cetera Retirement Plan Specialists owns Associates in Excellence, which is another pension administration firm that provides pension services to pension plan sponsors.

FAIS is an insurance general agency that offers insurance products through licensed agents. Many agents offering insurance through FAIS are also First Allied registered representatives.

Holdings and all of its subsidiaries are part of Cetera Financial Group. Cetera Financial Group is the retail advice platform of Aretec Group, Inc. that delivers the benefits of scale to its family of independent broker-dealer firms and registered investment advisers. Cetera Financial Group includes the following companies: Cetera Advisors LLC, Cetera Advisor Networks LLC, Cetera Financial Specialists LLC, Cetera Investment Advisers LLC, Cetera Investment Management LLC, Cetera Investment Services LLC, Summit Brokerage Services, Inc., Summit Financial Group Inc., First Allied Securities, Inc., First Allied Advisory Services, Inc., and Cetera Advisory Services LLC.

Our principals, employees and representatives may have responsibilities to any of these listed affiliates. Certain administrative and payroll expenses for employees of any affiliate may be allocated among some or all of the affiliates. Allocation of these expenses is not determined by assets referred to any affiliate.

#### *Other Financial Industry Activities*

In addition to the related entities noted above, we also conduct business with other investment advisers that are owned or operated by registered representatives of First Allied and investment advisers that are owned by other persons. These investment advisers may enter into an agreement with us to offer our programs or use our services. We are not responsible for supervising or managing these investment advisers beyond their representatives' activities with First Allied.

Some of our IARs may work in bank or credit union locations. We do not supervise any IAR's bank or credit union responsibilities. If the bank or credit union will receive any fees that you pay, our IARs are required to disclose this to you. Some of our IARs may be real estate agents. Activities related to real estate are not undertaken as part of the IAR's representation of us. In addition to being investment adviser representatives, some of our IARs are also accountants. We do not supervise their accounting activities. Any tax advice you receive from your IAR is part of an outside business activity and is totally separate from the IAR's affiliation with us.

Some of our IARs may be involved in other outside businesses. Activities related to these outside businesses are not undertaken as part of the IAR's representation of us. The amount of time that IARs devote to outside business activities varies. Your IAR's material outside business activities are reported on the Form ADV Part 2B brochure supplement that your IAR will deliver to you when he starts discussing advisory programs and services with you.

Your IAR's outside business activities, including without limitation, bank or credit union responsibilities, real estate, accounting, tax and legal activities, are not endorsed or supervised by, or the responsibility of, us or First Allied or any of our affiliates.

We are involved in several industry advocacy groups. These groups generally provide a forum for industry professionals to gather and discuss current and proposed regulations. Our membership in these groups helps us to better educate and supervise our IARs.

#### **Code of Ethics**

##### *Overview*

Pursuant to SEC rule 204A-1, we have adopted a Code of Ethics ("COE") to establish rules of conduct for all supervised persons. Supervised persons are individuals that are associated with our firm who are involved with offering or providing advisory services. Supervised persons may also include our home office employees. Your IAR is a supervised person. The COE recognizes our IARs' fiduciary responsibility to clients. The COE instructs our IARs to conduct their affairs in such a manner as to avoid:

- Serving their own interests ahead of clients' interests
- Engaging in unacceptable actual or potential conflicts of interest
- Taking inappropriate advantage of their position

A copy of our COE is available upon request by calling our Compliance department at 800-223-0989.

We do not permit our IARs to solicit for or use discretionary trading authority in any purchases or sales in a security in which that IAR has a material financial interest. Our supervised persons may, however, invest in the same securities that the IAR or another supervised person recommends to clients. This presents a conflict of interest. This conflict is mitigated by the policies and procedures set forth in our COE and Compliance Manual. Our IARs are not permitted to disadvantage clients while trading their own accounts. We also have surveillances in place designed to enforce our policies and procedures.

Our supervised persons are not permitted to recommend or use discretionary trading authority on behalf of clients at or about the same time that the IAR or another supervised person in the IAR's branch office or responsible for supervising the IAR buys or sells the same securities for their own account(s). We have established surveillance systems that check trading patterns between supervised persons and clients. These surveillances are designed to ensure that even if a supervised person unintentionally trades in the same security as a client, the client will not be disadvantaged.

### **Brokerage Practices**

#### *Soft Dollar Benefits*

Some firms in the industry receive benefits in exchange for delivering business to a broker-dealer, mutual fund sponsor, insurance company, or other third-party. These benefits are known as "soft dollars." Soft dollar benefits are generally defined as benefits (besides normal fees) received from a firm in exchange for doing business with the firm. These benefits may include access to software, hardware, research, and/or office space. We do not receive any soft dollar benefits from choosing the broker-dealer through which we effect trades, nor from the mutual funds or insurance in which we invest.

#### *Directed Brokerage*

We do not permit clients to direct us to execute transactions through a specified broker-dealer other than First Allied. We believe that First Allied allows us to achieve "best execution" because of their business relationships with Pershing and JP Morgan, our access to First Allied's trading department, our ability to rely on First Allied's financial stability, and First Allied's overall service to us and our IARs. "Best execution" factors include timeliness of execution, trader expertise, pricing, and responsiveness. In addition, certain advisory programs are only available through us and our affiliates and these programs allow your IAR to offer you a program or service that you cannot obtain elsewhere, although other investment advisers may offer similar programs.

#### *Aggregation of Client Trades*

We are under no obligation to aggregate trade orders or to average price transactions. Aspire Financial Services, LLC., an unaffiliated vendor, conducts all the trading for 401(k) Select program accounts and trades will be aggregated according to its policies and procedures.

### **Review of Accounts**

As mentioned previously, each of our IARs is supervised by another of our representatives or an employee. Advisory accounts are also reviewed by an IAR's supervisor. We have created several different surveillances to aid in this supervision. We review your account in several ways. Our account reviews include:

#### *Annual Client Contact*

On at least an annual basis, your IAR will contact you to arrange a review of your advisory accounts with you. In general, this review includes any FAAS-Sponsored programs and certain third-party money manager programs.

#### *Home Office Oversight and Supervision*

Your IAR's designated supervisor periodically reviews client accounts of any IAR who he or she supervises. If this review raises any issues associated with your account, they will investigate the issue to determine if any further action is needed or warranted. FAAS utilizes a series of surveillance, exception, trade, and other transaction reports that are designed to help facilitate the ongoing review of FAAS managed accounts. Many of these surveillances are run daily and others are run monthly or quarterly. The frequency of the surveillance is determined by the nature of the underlying event. Not all of the surveillances are used on all advisory accounts. We take into account who is managing your advisory account. For example, if a third-party manager is managing your account, some surveillances will not be used.

Your IAR may provide you with reports created by Albridge Wealth Reporting Solutions ("Albridge"). Albridge is a reporting vendor we have contracted with to enable your IAR to create reports for your accounts. These reports may include information about brokerage accounts, variable annuities and alternative investments. There may be discrepancies in the pricing of securities between Albridge reports, the performance reports we prepare for you, and the statements you receive from your custodian. In the event of any discrepancy between our report and the custodian statement for the same investment, you should rely on the custodian statement. These discrepancies may be the result of different calculation and reporting methods between Albridge, our reporting vendors, and your custodian. If you have a question about a discrepancy or any other aspect of any of these reports, you should direct it to your IAR. If you are not satisfied with your IAR's explanation, please contact us at 800-223-0989. Any reports that your IAR delivers to you should not be relied upon for tax calculations or any other legal representation.

### **Client Referrals and Other Compensation**

Solicitors are individuals who introduce clients to an investment adviser with which the solicitor is not affiliated. Solicitor's arrangements allow individuals to receive compensation for referring a client to us. The compensation paid to a solicitor is a portion of the advisory fee that you pay. All solicitation arrangements that our IARs are involved in must be approved by us.

#### *Solicitors to FAAS*

We have solicitor's arrangements with persons who are not our IARs. If a solicitor is going to receive any portion of the advisory fee that you pay, the solicitor will provide you with disclosure when he refers you to an IAR. You will sign this disclosure, acknowledging that you know a payment is being made for the introduction. We conduct a background check on solicitors to ensure they have not been disqualified from the securities industry. We mitigate any conflicts of interest in relation to these arrangements by ensuring that you will not pay higher fees because of the solicitor's agreement.

#### *FAAS Acting as a Solicitor*

Our IARs have the ability to refer, or "solicit," clients to other investment advisers. Our IARs can solicit advisory business for both affiliated investment advisers and unaffiliated investment advisers. Both affiliated and unaffiliated investment advisers must be approved by us before any of our IARs are permitted to refer clients to them. If our IARs are soliciting advisory business for any investment adviser, this will be disclosed to you by issuance of a disclosure statement and a written acknowledgement. The investment advisers that we solicit for provide a variety of management services, as outlined in each investment adviser's disclosure brochure. In general, they provide management strategies and investment models to advisory clients. The investment adviser will pay a portion of the advisory fee, as disclosed to you in the written acknowledgement, to us for soliciting clients. We will share a portion of this fee with your IAR. In exchange for this fee, the IAR is providing services including investor profiling, selection of managers, and ongoing account monitoring.

Certain investment advisers to whom we solicit may make donations to charitable organizations as an award to us or our IARs. The award criteria may vary between investment advisers, but this award may incent our IARs to solicit to investment advisers offering a donation rather than those that do not. This conflict is mitigated by our requirement that any advisory program or advisory service that you are offered is suitable for your investment goals and financial needs and by our restriction on any of our IARs financially benefiting directly from any donations made by investment advisers either on their behalf or as a result of any solicitations.

#### *Other Compensation Payable to Us*

We and our affiliates offer a wide variety of approved products to our IARs to serve your needs. We have designated a subset of approved products as "Product Sponsors." Product Sponsors offer an assortment of approved products. They also train and educate our registered representatives on products and industry-related topics. Product Sponsors pay extra compensation to us and our affiliates; however, clients do not pay more to purchase these products through us than clients would pay to purchase them elsewhere. This extra compensation is based in part on the total amount of assets that our IARs refer to their products and services. There is a financial incentive to promote certain products because of this extra compensation. Because IARs do not receive a direct financial benefit from recommending Product Sponsors to you, we believe that these relationships do not compromise the advice provided by our representatives.

Sometimes we and our affiliates receive payments from firms that are not Product Sponsors to recognize our sales efforts. All companies may pay us and our affiliates in connection with the sale of certain products. This compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. They may also pay for training, educational meetings or training events, conferences, and entertainment for our representatives and/or clients, as permitted by industry rules. In the cases where our IARs host seminars for clients or prospective clients, no fees are charged to attendees. Additional disclosure and a listing of companies who pay additional compensation to us may be obtained at [www.firstallied.com](http://www.firstallied.com) or by contacting us at 800-223-0989. Some investments pay higher commissions than others. Commissions on equities are usually greater than those on bonds. Investments in limited partnerships generally pay higher commissions than investments in equities.

#### **Custody**

As mentioned previously, we do not take custody of your account assets. 401(k) Select account assets are custodied by MG Trust. You should review the account statements carefully and compare these account statements with any Albridge reports that your IAR may provide to you. Should you note any discrepancies, please contact us at 800-223-0989. In the event of any discrepancy between our report and any statement you receive from your custodian regarding the same investment, you should rely on the statement from your custodian.

MG Trust's mailing address is: 700 17th Street, Suite 300, Denver, CO 80202, USA.

Occasionally, IARs may accept stock certificates from clients and forward them to First Allied for delivery to the client's account with the custodian. In the course of business development, we may obtain custody in other forms that are not disclosed here but will be disclosed to our independent auditor. Because of these activities, we meet the regulatory definition of having custody of client securities and are required to hire an independent accounting firm to review our procedures. This audit is conducted each year. More



information about the results of the audit can be found through the SEC's Investment Adviser Public Disclosure website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), by selecting "Investment Adviser Firm" and typing our name into the "Firm Name."

### **Investment Discretion**

#### *Overview*

We do not have discretionary authority over your assets. However, when your plan's participants invest in our 401(k) Select program's PMP option, they are granting FAAS and/or Columbus Macro, LLC the authorization to execute transactions in each participant's portion of the account according to the model(s) selected by the participant on the account opening documents.

### **Voting Client Securities**

We do not accept authority to vote client proxies. For 401(k) Select program accounts, the 401(k) retirement plan's trustee will retain the authority to vote proxies.

### **Financial Information**

#### *Prepayment of Fees*

Advisory fees for 401(k) Select account management are paid quarterly in arrears.

#### *Our Financial Condition*

We are required to inform you of any financial conditions that are reasonably likely to impair our ability to meet contractual commitments to you. Currently, there are no financial conditions that would impair our ability to meet our contractual commitments to you. Should any arise, we will notify you according to SEC guidelines.