

Triad Hybrid Solutions, LLC
Counsel Wrap Fee Program Brochure

SEC File No. 801-80075

5155 Peachtree Parkway, Norcross GA 30092

866-580-8219

www.triadhybrid.com

March 27, 2020

This Wrap Fee Brochure provides information about the qualifications and business practices of Triad Hybrid Solutions, LLC [“Adviser” or “THS”]. If you have any questions about the contents of this Brochure, please contact us at www.triadhybrid.com or 866-580-8219 or via email at compliance@triadhybrid.com. Additional information about THS is also available on the SEC’s website at <https://adviserinfo.sec.gov>.

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.

THS is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide clients and prospective clients with information with which they can decide whether to hire or retain an adviser. We encourage you to review this Brochure carefully prior to becoming a client of THS, and if you are already a client, to review all future updates or notices of changes to this Brochure as they occur.

Our investment advisory services are performed through individuals called “investment adviser representatives”, most of whom are registered with one or more state securities regulatory agencies. Registration does not imply any level of skill or training. We encourage you to review information about those individuals who provide or offer to provide services to you, which can be found in a supplement to this Brochure. Many of those same individuals are also “registered broker-dealer representatives” of an affiliate, Triad Advisors, LLC (“Triad”), meaning they are properly authorized to conduct certain broker-dealer-related activity. The website referred to above also provides information about any persons affiliated with THS who are registered, or are required to be registered, as investment adviser representatives or registered broker-dealer representatives of Triad Advisors, LLC.

Material Changes

This document is officially known as “Form ADV, Part 2A”, but is commonly referred to as a “Brochure”. This Brochure is prepared according to SEC rules. This section of the Brochure summarizes material changes that have been made to the Brochure since our last annual updating amendment.

Within 120 days of the close of THS’s fiscal year (December 31st), we will deliver either:

1. a copy of the current (updated) Brochure that includes or is accompanied by the summary of material changes, or
2. a summary of material changes that includes an offer to provide a copy of the current (updated) Brochure.

We may also provide other ongoing disclosure information throughout the year about material and non-material changes. Some of the updates we provide you may not be included in a Brochure, but rather may be in letters, notices, reports, emails or other forms of correspondence. You may obtain a copy of our Brochure at any time without charge. Our full Brochure, which includes detailed information on the changes summarized below and your investment adviser representative’s disclosure supplement, may be requested by contacting your investment adviser representative or our Compliance Department at 866-580-8219 or compliance@triadhybrid.com.

As part of our commitment to providing the best possible service, we ask that if you are an existing client you notify your investment adviser representative if there have been any changes to your financial situation or your investment objectives, or if you would like to place or modify any reasonable restrictions on the management of your account.

Material Changes Since the Last Update - Brochure

Triad Hybrid Solutions, LLC filed its last annual amendment to its Form ADV Counsel Wrap Brochure on March 28, 2019. Since then, the following material changes have occurred:

1. Advisory Business: Ladenburg Thalmann Financial Services, Inc. is now a wholly owned subsidiary of Advisor Group Holdings, Inc which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC.
2. Other Financial Activities and Affiliations: This section was amended to disclose new related persons that are operationally separate from Triad Advisors, Inc. but under common control of parent company Advisor Group Holdings, Inc.

Table of Contents

Material Changes	2
Services, Fees and Compensation	4
<i>Advisory Business</i>	4
<i>“Counsel” Program</i>	4
<i>Custody</i>	4
<i>Fees and Compensation</i>	4
<i>Comparison Cost of Service</i>	7
Account Requirements and Types of Clients	8
<i>Account Requirements</i>	8
<i>Types of Clients</i>	8
Portfolio Manager Selection and Evaluation	8
<i>Individual Needs of Clients and Restrictions</i>	8
<i>Other Types of Accounts</i>	8
<i>No Performance-based Fees</i>	8
<i>Methods of Analysis, Investment Strategies and Risk</i>	8
<i>Voting Client Securities</i>	13
Client Information Provided to Portfolio Managers	13
Client Contact with Portfolio Managers	14
Additional Information	14
<i>Disciplinary Information</i>	14
<i>Other Financial Industry Activities and Affiliations</i>	14
<i>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</i>	17
<i>Review of Accounts</i>	22
<i>Client Referrals and Other Compensation</i>	22
<i>Financial Information</i>	27

Services, Fees and Compensation

Client should read and consider the information contained in this brochure. There is no assurance that the objectives of any client will be achieved.

Advisory Business

Triad Hybrid Solutions, LLC (“THS”) is a U.S. Securities and Exchange Commission (“SEC”) registered investment adviser. THS is a limited liability company organized under the laws of the State of Florida on April 15, 2014. Ladenburg Thalmann Financial Services Inc. (“LTFS”) owns 100% of THS. LTFS is a wholly owned subsidiary of Advisor Group Holdings, Inc., which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes, RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P., and The Berliniski Family 2016 Trust.

“Counsel” Program

THS investment adviser representatives manage client accounts through the Ally and Counsel accounts (“Account Structures”) established at various custodians in the name of each client. Clients who wish to participate in the Counsel Program enter into a Counsel Investment Advisory Agreement. All of the Account Structures give investment adviser representatives the ability to customize asset allocation, investment selection, and investment strategies to meet the clients’ individual financial situation and investment goals. Most accounts are managed on a discretionary basis, meaning that the advisor does not need client consent to trade in the account. However, clients may prohibit the investment adviser representative trading discretion over their accounts. This trading discretion and any limitations on it will be set forth in the client’s advisory agreement with THS. The services that our investment adviser representative and THS provide to clients are the same regardless of the account structure selected. In each account structure, the investment adviser representative may manage and provide advice on mutual funds, stocks, bonds, options, exchange traded funds (“ETFs”), variable annuity (“VA”) sub-accounts, and other types of securities as approved by THS.

As described previously, the investment adviser representative’s services are tailored to the individual needs of each client. The investment adviser representative assists the client in connection with establishing and monitoring of client investment objectives, risk tolerance, asset allocation goals and time horizon. Clients have the opportunity to place reasonable restrictions or constraints on the way their accounts are managed; however, such restrictions may cause the investment adviser representative to deviate from a strategy or recommendations that the investment adviser representative would have made if such restrictions or constraints were not in place. Thus, the account’s performance may be lower than it otherwise would have been.

The services that THS provides under some or all of these investment options may be available from other providers for lesser fees. In addition, clients may buy securities (e.g., mutual funds, exchange-traded funds, etc.) outside of our investment programs without incurring fees through our program.

Custody

An unaffiliated entity acts as custodian and broker-dealer for Counsel described in this brochure. The custodian is named in the client’s agreement, as applicable. The Custodian will typically be TD Ameritrade, Inc. (“TD”), Fidelity Brokerage Services, LLC (“Fidelity”), or Charles Schwab & Co., Inc. (“Schwab”).

Fees and Compensation

The Counsel Account has no minimum account size and advisory fees are negotiable. Clients have the option of choosing monthly or quarterly billing for the majority of accounts as well as the billing methodology (linear, tiered or breakpoint); these elections are made on the applicable advisory agreement. The basic asset-based fee schedule for the Account is as follows:

Portfolio Value	Max Annual Fee Allowed (tiered or breakpoint only)
\$0 — \$150,000	2.50%
\$150,001 — \$250,000	2.25%
\$250,001 — \$500,000	1.75%
\$500,001 — \$1,000,000	1.50%
\$1,000,001 — \$3,000,000	1.25%
\$3,000,001 — \$5,000,000	1.00%
\$5,000,001 — \$10,000,000	1.00%
\$10,000,001 +	1.00%

The Counsel Program is a “wrap fee” account under which the client pays a single fee that covers the investment adviser representative’s advisory services, the execution of transactions through the custodian, and its custodial services (unless otherwise agreed between the custodian and the client).. Clients should understand that the wrap fee may cost the client more than purchasing the program services separately, for example, paying fees for the advisory services of the program and investment adviser representative, plus transaction charges 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: 1) type and size of the account; 2) types of securities in the account; 3) historical and or expected size or number of trades for the account; and 4) number and range of supplementary advisory and client-related services provided to the client. THS typically manages accounts in the wrap programs differently than the accounts that pay transaction fees because of the different nature of the services provided. However, all accounts are managed with the objective to reach each client’s stated goals within their time horizon and risk tolerance, among other factors.

Several factors may influence the selection of the Counsel account structure, including but not limited to:

1. the client’s preference for a “wrap fee” versus transaction charges per trade on certain or all securities
2. account size
3. anticipated trading frequency
4. anticipated securities to be traded
5. management style
6. long term investment goals

Regardless of the actual quarterly Wrap Fee rate or the value of the assets in the accounts, the minimum fee charged to accounts in Counsel is the greater of \$30 or up to 15 basis points annually assessed per account. The imposition of the minimum fee may cause the effective Wrap Fee rate (expressed as a percentage) to be greater than the fee rates specified in the client’s Counsel Agreement.

THS may “household”, for fee calculation purposes only, multiple Client Accounts together within the Investment Advisory Agreement at the Client’s request. This practice is designed to allow you the benefit of an increased asset total, which could potentially cause your account to be assessed a reduced advisory fee based on the asset-based fee schedule. THS can treat accounts under management as part of the same household if Client resides at the same address, has the same last name, has the same Social Security Number or per Client request and execution of the Household Billing Addendum to the applicable Investment Advisory Agreement. Accounts opened at a later date may be added for householding purposes. Client understands that they are responsible for notifying Adviser of which Account(s) Client would like to household under this agreement for fee billing purposes.

Either party at any time, and upon written notice, may terminate the Counsel Agreement and a pro rata portion of any Wrap Fee paid by the client in advance will be remitted to the client based on the number of days left in the quarter, following receipt of the notice of termination by THS. Terminated account refunds are processed monthly.

Fees That Clients May Pay in Addition to The Wrap Fee

Certain Performance Reporting Fees

The investment adviser representative may provide certain clients with quarterly performance reports and may charge a quarterly fee for these reports in addition to the Wrap Fee. The investment adviser representative will provide clients to be charged this fee with additional information about the fee, including the amount.

Other broker-dealer and custodian fees, costs and compensation

Other costs that may be assessed by broker-dealers or the custodian and that are not included in the Wrap Fee include: fees for transactions executed away from chosen custodian, dealer mark-ups and spreads paid to market-makers. The Management Fee also does not cover debit balances or related margin interest, “mark-ups” and “mark-downs” or “dealer spreads” that broker-dealers (including broker dealer affiliates) may receive when acting as principal in certain transactions, brokerage commission or other charges resulting from transactions not effected through chosen custodian. The Management Fee also does not cover costs associated with exchanging foreign currencies, odd-lot differentials, IRA fees, transfer taxes, exchange fees, wire transfer fees, extensions, non-sufficient funds, mailgrams, legal transfers, bank wire charges, postage fees or SEC fees or other fees or taxes required by law. The advisory fees do not cover charges imposed by third-parties for investments held in the account, such as contingent deferred sales charges or 12(b)-1 trails on mutual funds and variable annuity contracts. In addition, each mutual fund or third-party money manager charges asset management fees, which are in addition to the advisory fees charged by our firm. Please see the section titled Brokerage Practices for additional information.

Variable annuity companies generally impose internal fees and expenses on client variable annuity expenses, including contingent deferred sales charges and early redemption fees. These fees are in addition to the advisory fees and expenses referenced above. Complete details of such internal expenses are specified and disclosed in each variable annuity company’s prospectus. Please review the Variable Annuity prospectus for full details.

Investment adviser representatives may trade on margin for client’s accounts, which could result in a high portfolio turnover ratio and higher transaction charges in accounts with such charges. Additionally, the use of margin may also result in interest charges as well as all other fees and expenses associated with the security or account involved. Generally, Advisory fees for representative managed accounts with margin are billed net of the margin debt held in the account. For representative managed accounts through Envestnet’s platform, accounts with margin are billed on the gross market value of all securities within the account resulting in a higher fee billed to the account than if the margin debt was subtracted from the total market value of the account.

In addition to the Program Fee, each mutual fund or ETF in which clients may invest also bears its own investment advisory fees and other expenses. The mutual funds available through Counsel may be available directly from the funds pursuant to the terms of their prospectuses and without paying the Wrap Fee. Exchange-traded funds are also available outside of Counsel without paying the Wrap Fee, subject to applicable commissions and/or transaction charges. Further, to the extent that cash used for investment comes from redemptions of a client’s mutual fund or other investments outside of the Program, there may be tax consequences or additional cost from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to the Wrap Fee on those assets. Additional expenses associated with the specific underlying investment funds such as, redemption fees may apply. Certain mutual funds used in the Program may charge a redemption fee if shares are redeemed within a specified period of time. Clients may incur redemption fees in the event that a sell is executed or model update is implemented. Redemption fees vary by fund and are described in each fund’s prospectus.

Most THS investment adviser representatives are also registered broker-dealer representatives of an affiliate, Triad Advisors, LLC (“Triad”). As registered representatives of Triad, Triad may share a portion of payments received from a mutual fund or in connection with an initial public offering, a secondary offering, and/or a private placement with these investment adviser representatives only when acting as broker-dealer representatives. When acting in these separate capacities, these investment adviser representatives may also receive compensation, such as 12(b)-1 or services fees, in connection with the sale of funds. Therefore, the investment adviser representative has an incentive to recommend implementing recommendations made through Triad. This conflict of interest is heightened when the investment adviser representative recommends securities where Triad is a member of the selling syndicate because the investment adviser

representative typically receives more compensation in connection with these securities than in connection with other types of securities. Clients have the option to purchase investment products that THS recommends through other investment advisers, brokers or agents that are not affiliated with THS or Triad. In addition, THS has policies and procedures in place to monitor whether any program in which client investments or any security (or other investment services through THS) is suitable for the client. Similarly, if the client decides to implement a portion of the recommendations through a brokerage account at Triad, the client will pay commissions to Triad for the brokerage account and separately, fees to THS for the advisory account. The fee that a client pays to THS will not be reduced if fees are paid to Triad, or its affiliates, for other services.

In addition to management fees, Triad or its representatives in their separate capacities as broker-dealer and broker-dealer representatives respectively may earn other fees, commissions or other payments in connection with the recommendation or sale of certain products. These payments often create conflicts of interest because the representative may have an incentive to recommend those products because of the additional compensation to the representative or additional revenue to Triad. These payments, other similar forms of revenue or benefit, and the conflicts of interests associated with them are discussed in detail in other sections of this Brochure. Additionally, fees payable to THS or its representatives may also be higher for some products and services than others, and the remuneration and profitability resulting from these products and services may be greater than the remuneration and profitability resulting from other products or services available to the client, either through THS or an unaffiliated service provider. THS has policies and procedures in place to prevent conflicts of interest from influencing recommendations made by our representatives in their separate capacities as broker-dealer representatives and to assure that recommendations are consistent with our duties to clients.

Comparison Cost of Service

The Wrap Fee may cost clients more or less than purchasing services separately depending on the frequency of trading in the accounts, commissions charged at other broker-dealers for similar products, fees charged for like services by other broker-dealers and other factors. Among the factors impacting the relative cost of the program to a particular client include the size of the account, the type of account (i.e., equity or fixed income), and the size of the assets devoted to a particular strategy.

Investment adviser representatives receive a substantial portion of the total Wrap Fee charged which may be as high as 2.50% annually; pursuant to the client's Counsel Agreement in the management of the client's portfolio. This compensation may be more or less than what the investment adviser representative would receive if the client participated in other programs or paid separately for investment advice, brokerage and other services. The investment adviser representatives may therefore have a financial incentive to recommend the Counsel Program described in this brochure over other programs or services.

In the Counsel wrap fee program, transaction or ticket charges may be paid by THS. Because of this practice you should be aware that an investment adviser representative has a conflict of interest because of the incentive to limit trading activities in your account in order to minimize these costs. An account in which there are no transaction charges may cost more or less than a client would pay if investment advice, brokerage and other services were purchased separately. An arrangement with asset-based fees typically assumes a normal amount of trading activity under particular circumstances. Prolonged periods of account inactivity result in higher compensation than if transaction charges were paid separately by clients for each transaction. In negotiating asset-based fees and transaction charges, investment adviser representatives will discuss with clients the impact of the size of their account and the likely turnover of the account based on the proposed strategy for their account. Investment adviser representatives may also recommend an account structure which has varying transaction charges for certain security types (mutual funds, ETFs, equity, fixed income, options and alternatives), which are charged to THS. As a consequence, THS has a conflict of interest in recommending one security type over another as THS may receive less compensation in the investment adviser representative's choice of investments in managing the client's account. As a fiduciary we are required to act in the client's best interest and manage these conflicts via periodic reviews of our pricing arrangements with our custodians.

Account Requirements and Types of Clients

Account Requirements

THS generally does not impose any requirements for opening or maintaining an account, such as a minimum account size. We will charge a minimum service fee which is the greater of \$30 or up to 15 basis points annually assessed to the investment adviser representative per account.

Types of Clients

THS provides portfolio management services mostly to individuals and high net worth individuals. However, we also provide advisory services for trusts, estates, corporate pension and profit-sharing plans, charitable institutions, foundations, corporations, and endowments.

Portfolio Manager Selection and Evaluation

Investment adviser representatives are the only portfolio managers available through Counsel.

Individual Needs of Clients and Restrictions

Investment adviser representative's services are tailored to the individual needs of each client. The investment adviser representative assists the client in connection with establishing and monitoring of client investment objectives, risk tolerance, asset allocation goals and time horizon. Clients have the opportunity to place reasonable restrictions or constraints on the way their accounts are managed; however, such restrictions may cause the investment adviser representative to deviate from a strategy or recommendations that the investment adviser representative would have made if such restrictions or constraints were not in place. Thus, the account's performance may be lower than it otherwise would have been.

Other Types of Accounts

Investment adviser representatives may provide advisory services under different account structures. Although the services provided are generally the same under each structure, the pricing of each one is structured differently. In addition to the Counsel Wrap Fee program described in this brochure and the Partner Wrap Fee program described in a separate wrap brochure, which is available upon request, THS also offers the Ally account.

Under the Ally account structure, clients pay an advisory fee to THS plus additional charges in connection with each transaction. THS investment adviser representatives may utilize this account structure as described in THS' firm brochure, which is available upon request. Investment adviser representatives typically manage accounts in Counsel differently than the accounts that pay transaction fees because of the different nature of the services provided.

No Performance-based Fees

THS does not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client, commonly known as "performance-based fees".

Methods of Analysis, Investment Strategies and Risk

Please be aware that investing in securities involves risk of loss that clients should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that a client's financial goals and objectives will be met. Past performance is in no way an indication of future performance.

In addition, the investment adviser representative has access to various research reports and model portfolios to which he or she may refer in determining investment advice provided to clients. The investment adviser representative chooses his or her own research methods, investment style and management philosophy. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable and each method of analysis employed has specific risks associated with it. Please see the section: Types of Investments and Risks for further information.

Investment adviser representatives may use subscription-based services to conduct research and also have access to third-party vendors that provide programs or software to analyze individual securities. We also offer investment adviser representatives access to third-party vendors that provide support services in portfolio design and strategy implementation. Examples of third-party sources used to assist in managing assets are S&P Research, LAMP Analytics, Bloomberg, Morningstar, Thomson Reuters, various ETF & fund screening tools, economic news services, statistical ratings publications and asset allocation software included in various outside manager proposal systems. Investment adviser representatives may use these tools along with investor profile or questionnaires to recommend a program that will assist a client to achieve their objectives and risk tolerances.

THS investment adviser representatives also use various methods of analysis which may include fundamental analysis, technical analysis, or cyclical analysis. The main sources of information that the applicant may use include financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filing with the SEC and company press releases. The investment strategies used to manage accounts may include long term purchases, short term purchases, selling securities within 30 days, short sales, margin transactions, and options trading. Strategies that involve frequent trading of securities can affect investment performance, particularly through increased transactions costs and taxes. There is no guarantee that any of these types of analysis will result in favorable performance. These are described below.

Fundamental Analysis

Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Technical Analysis

Technical analysis involves using chart patterns, momentum, volume, and relative strength in an effort to pick sectors that may outperform market indices. However, there is no assurance of accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernible trends and similar periods will presumably occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them. Furthermore, one limitation of technical analysis is that it requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may underperform other trading methods when fundamental factors dominate price moves within a given market.

Types of Investments and Risks

Depending on the type of service being provided, THS and investment adviser representatives can recommend different types of securities, including mutual funds, unit investment trusts ("UITs"), closed end funds, ETFs, collective investment trusts, variable annuity subaccounts, equities, fixed income securities, options, private funds, and structured products. 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 an investment adviser representative may recommend depending on the service provided.

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.

- **Currency Risk.** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure, or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading.** Clients should note that Managers may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. Clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Risks Related to Investment Term.** If a client requires us to liquidate the client's portfolio during a period in which the price of the security is low, the client will not realize as much value as the client would have had the investment had the opportunity to regain its value, as investments frequently do, or had we been able to reinvest in another security.
- **Purchasing Power Risk.** Purchasing power risk is the risk that the client's investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Inflation Risk.** The rate of inflation may exceed the rate of return on an investment.
- **Reinvestment Risk.** Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk.** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. For example, Treasury Bills are highly liquid, while real estate properties are not. Some securities are highly liquid while others are highly illiquid. Illiquid investments carry more risk because it can be difficult to sell them.
- **Financial Risk.** Excessive borrowing to finance a business's operations decreases the risk of profitability because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk.
- **Margin & Lending Risk.** Some clients borrow funds to purchase securities using "margin loans" for which the clients' portfolios serve as collateral for repayment. Use of margin increases a portfolio's risk as price swings are amplified in a margin account and clients can lose more funds than deposited if the value of securities decline. THS may be required to cease trading or liquidate securities in an advisory account to meet a "margin call" or credit line loan demand pursuant to an executed margin or non-purpose loan agreement between the client and the lender or custodian. The client may lose more than his or her original investment.
- **Risks specific to sub-advisors and other managers.** If we invest some of your assets with

another adviser, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than what we would normally employ.

- **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.

Closed-End Funds

Client should be aware that closed-end funds are often illiquid and 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 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 are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and may not be appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not 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.

Structured Products

Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

Options

An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells their option in the secondary market nor exercises it prior to its expiration will necessarily lose their entire investment in the option. An option writer may be assigned an exercise at any time during the period the option is exercisable. Starting with the day it is purchased, an American-style option is subject to being exercised by the option holder at any time until the option expires. This means that the option writer is subject to being assigned an exercise at any time after they have written the option until the option expires or until they have closed out their option position in a closing transaction. By contrast, the writer of an European-style or capped option is subject to assignment only when the option is exercisable or, in the case of a capped option, when the automatic exercise value of the underlying interest hits the cap price. In general option writers and other spread strategies may give up the opportunity to benefit from potential increases or decreases in the value of the underlying position above or below the exercise price of the written option but may continue to bear the risk of increases or decreases in the value of the holdings in the underlying position. For more information regarding the risks of options, please read the 'Characteristics and Risks of Standardized Options' brochure, which can be found at www.optionsclearing.com.

High-Yield Bonds and Other Debt Obligations

High-yield bonds and other debt obligations are issued by companies or municipalities that do not qualify for "investment grade" ratings by one or more rating agencies. The below investment grade designation is based on the rating agency's opinion of an issuer that it has a greater risk to repay both principal and interest and a greater risk of default than those issuers rated investment grade. High yield debt carries greater risk than investment grade debt. There is the risk that the deterioration of an issuer's financial health and subsequent downgrade in its rating will result in a decline in market value or default. Because of the potential inability of an issuer to make interest and principal payments, an investor may receive back less than originally invested. There is also the risk that the bond's market value will decline as interest rates rise and that an investor will not be able to liquidate a bond before maturity.

Private Funds and Managed Futures

Private and managed futures funds may be purchased by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.

Business Development Companies (“BDCs”)

BDCs are typically closed-end investment companies. Some BDCs primarily invest in the corporate debt and equity of private companies and may offer attractive yields generated through high credit risk exposures amplified through leverage. As with other high-yield investments, such as floating-rate/leveraged loan funds, private REITs and limited partnerships, investors are exposed to significant market, credit and liquidity risks. In addition, fueled by the availability of low-cost financing, BDCs run the risk of over-leveraging their relatively illiquid portfolios. Due to the illiquid nature of non-traded BDCs, investors’ exit opportunities may be limited only to periodic share repurchases by the BDC at high discounts.

Variable Annuities

Investment adviser representative may manage various variable annuity sub-accounts that are maintained directly with the variable annuity sponsor (“Sponsor”). Although the variable annuities and their respective sub-accounts may be represented on various reports or statements, the variable annuities are held directly with the Sponsor. Sub-account asset allocations may be limited by the Sponsor’s product fund options. Certain asset allocations may also be restricted by the Sponsor. Investment adviser representatives will not direct reallocations of the sub-accounts through our Ally or Counsel Account Structures. In such cases when a reallocation is required, the investment adviser representative will direct and execute such reallocation transactions directly through the Sponsor. Clients must complete necessary documentation under the applicable variable annuity contract to grant the investment adviser representative access to information necessary to perform these services. THS has approved various Sponsor’s products for this service and may restrict the inclusion of a variable annuity to an account structure at our discretion. The inclusion of a variable annuity to an account structure is also subject to our policies and procedures. If client purchases a variable annuity, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.

Company Stock

If company stock is available as an investment option to client in a retirement plan, and if client chooses to invest in company stock, client should understand the risks associated with holding company stock in a retirement plan. These risks may include, but are not necessarily limited to, lack of liquidity, over-dependency on client’s employer, and less flexibility to change the allocation of plan assets. Client should pay careful consideration to the benefits of a diversified portfolio. Although diversification is not a guarantee against loss, it can be an effective strategy to help manage investment risk.

Voting Client Securities

Proxy Voting

As a matter of firm policy and practice, our firm does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their accounts. Therefore, clients will not receive their proxies or other solicitations directly from THS. Our firm also does not have the authority to answer clients’ questions about a particular solicitation.

Class Actions

From time to time securities held in client portfolios may be the subject of class action litigation. The decision regarding whether to file a proof of claim in a class action, to opt in or opt out of a settlement, or other similar questions involve legal judgment. We do not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits, and we will not file claims on your behalf. If you request additional assistance, we will provide any transaction information pertaining to your account that may be helpful and/or needed in order for you or your custodian to file a proof of claim or take other action with respect to a class action.

Client Information Provided to Portfolio Managers

As described in “Services, Fees and Compensation” above, clients inform their investment adviser representatives of their investment objectives, risk tolerance, and investment time horizon and give their representative any applicable investment policies, guidelines, or reasonable restrictions. Based on this information, the investment adviser representatives provide investment recommendations and/or manage client accounts.

Clients should promptly inform their investment adviser representative of material changes in their financial circumstances or investment objectives. The investment adviser representative will periodically discuss, at least once a year, whether the management of the account continues to reflect the investment objectives and financial requirements of the client.

Client Contact with Portfolio Managers

Clients are free to contact investment adviser representatives for questions or consultation in regards to their accounts. There are no restrictions placed on clients' ability to contact and consult with investment adviser representatives.

Additional Information

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the adviser or the integrity of their management. THS does not have any reportable disciplinary information.

Other Financial Industry Activities and Affiliations

Most THS investment adviser representatives are also registered broker-dealer representatives of an affiliate, Triad Advisors, LLC. ("Triad"). Triad may share a portion of payments received from a mutual fund or in connection with an initial public offering, a secondary offering, and/or a private placement with these representatives when acting as broker-dealer representatives. In their separate capacities as broker-dealer representatives of Triad they may also receive compensation, such as front-end sales charges, redemption fees, 12(b)-1 or services fees, in connection with the sale of securities. They may also receive a portion of the compensation that Triad receives as a member of a selling syndicate. Thus, THS and THS investment adviser representatives in their separate capacities as broker-dealer representatives of Triad, have an incentive to recommend certain mutual funds and to recommend purchases of sales in certain offerings because they will receive more compensation in connection with these securities than in connection with other types of securities.

Triad also provides certain assistance to prospective broker-dealer registered representatives ("Representatives") to transition business to Triad Advisors, LLC. The assistance includes support with paperwork, software licenses, recruiting and transition assistance, business guidance, and attendance at Triad's conferences. In addition, Triad may provide a forgivable loan to Representatives. The loan is intended to cover various miscellaneous expenses involved in transitioning business to Triad and/or THS. The forgiveness is not tied to any amount of securities transactions made by Representatives with Triad or assets held in advisory accounts with THS or any other custodian but does require certain Representatives to maintain broker-dealer registration with Triad. The receipt of such benefits by the Representatives who are investment adviser representatives of THS creates a conflict of interest as it creates a financial incentive for investment adviser representatives to use Triad as a broker-dealer for brokerage accounts. THS seeks to mitigate these conflicts through disclosure and notification that clients should be aware of this conflict and take into consideration in making a decision whether to engage THS or any of its investment adviser representatives who are Representatives of Triad.

As discussed in the section titled Services, Fees and Compensation, THS is a wholly owned subsidiary of LTFS, which is a wholly owned subsidiary of Advisor Group Holdings, Inc. (AGHI). Other companies that are owned by LTFS and thus affiliated with THS are:

Name	Type of Company	Owners
Arbor Point Advisors, LLC (APA)	Registered Investment Adviser	80% SAFC
Highland Capital Brokerage	Insurance Company	100% LTFS
Investacorp Advisory Services Inc.	Registered Investment Adviser	100% LTFS
Investacorp, Inc.	Broker-Dealer	100% LTFS
KMS Financial Services, Inc.	Broker-Dealer/ Registered Investment Adviser	100% LTFS
Ladenburg Capital Agency, Inc.	Insurance Company	100% LTFS

Ladenburg Thalmann & Co., Inc. (LTCO)	Broker-Dealer	100% LTFS
Ladenburg Thalmann Alternative, Inc.	Registered Investment Adviser	100% LTFS
Ladenburg Thalmann Asset Management, Inc. (LTAM)	Registered Investment Adviser	100% LTFS
Ladenburg Thalmann Financial Services, Inc. (LTFS)	Holding Company	100% AGHI
Premier Trust, Inc.	Trust Company	100% LTFS
Securities America Advisors, Inc.	Registered Investment Adviser	100% SAFC
Securities America Financial Corporation (SAFC)	Holding Company	100% LTFS
Securities America, Inc.	Broker-Dealer	100% SAFC
Securities Service Network, LLC (SSN)	Broker-Dealer	100% LTFS
SSN Advisory, Inc.	Registered Investment Adviser	100% SSN
Triad Advisors, LLC	Registered Investment Adviser	100% LTFS
Triad Insurance, Inc.	Insurance Company	100% Triad

THS also has related persons, as they are under common control of LTFS's parent company, AGHI. THS's affiliates below and your Advisory Representative cannot conduct or recommend business through these related persons, these relationships do not create a material conflict of interest. The following chart details the related persons, which are wholly owned subsidiaries of Advisor Group, Inc. (AGI), which is a wholly owned subsidiary of Advisor Group Holdings, Inc. (AGHI).

Name	Type of Company	Owners
Advisor Group, Inc. (AGI)	Holding Company	100% AGHI
Royal Alliance Associates, Inc. (RAA)	Broker-Dealer/ Registered Investment Adviser	100% AGI
Financial Service Corporate (FS Corp)	Holding Company	100% AGI
FSC Securities, Corporation (FSC)	Broker-Dealer/ Registered Investment Adviser	100% FS Corp
FSC Agency	Insurance Company	100% FS Corp
SagePoint Financial Inc (SPF)	Broker-Dealer/ Registered Investment Adviser	100% AGI
Woodbury Financial Services, Inc (WFS)	Broker-Dealer/ Registered Investment Adviser	100% AGI
Vision2020 Wealth Management Corp.	Registered Investment Adviser	100% AGI

THS has material relationships or agreements with the above referenced entities, as further described below.

Ladenburg Thalmann Asset Management ("LTAM")

LTAM is an investment adviser registered with the SEC. LTAM specializes in market analysis, due diligence, fund selection, asset allocation and diversification strategies. THS and LTAM participate in the Strategic Partners Program, which is described more fully below under the heading "Compensation and Reimbursement of Expenses to Ladenburg Thalmann Financial Services and its Affiliates". LTAM sponsored programs and their characteristics are more fully described in their disclosure brochures, which is available to any client or prospective client upon request.

LTAM is among the third-party managers we recommend to our clients. THS has a conflict of interest in recommending the services of LTAM because THS and its affiliates earn more total compensation when a client selects an affiliate as a third-party manager than THS and its affiliates would earn if the client selects an unaffiliated third-party manager. Thus, our investment adviser representatives have a conflict of interest because of an incentive to recommend certain managers over others. THS addresses these conflicts of interest through its policies and procedures that, among other things, require investment adviser representatives to make suitable recommendations, to act as a fiduciary to our clients, and, in the case

of retirement accounts, to act solely in our clients' best interests as more fully described above under "Retirement Services".

Ladenburg Thalmann & Co. Inc. ("LTCO")

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

THS recommends that clients invest in securities issued in an initial public and secondary offering transactions for which LTCO acts as an underwriter and/or a member of the selling group or Triad Advisors acts as a member of the selling group. THS has a conflict of interest in recommending these securities for several reasons. First, LTCO receives all or a portion of the gross spread – the difference between the price that the client pays for the security and the price that LTCO purchases the security for -- in connection with such sales. This gross spread is generally 7% but may be higher or lower in connection with certain offering. If Triad Advisors is a member of the selling group, it also receives a portion of the gross spread. THS investment adviser representatives receive a portion of this compensation as broker-dealer representatives of Triad Advisors. In addition, LTCO has a substantial interest—both financial and with respect to its reputation—in assuring that the offering is successful by having a large number of the securities purchased. Finally, in connection with certain offerings, LTCO has an obligation to purchase and resell a certain number of securities. Thus, because of its affiliation with LTCO, there is a conflict of interest because THS has incentives to recommend these investments in these offerings for these reasons, rather than based on a client's needs. To address these conflicts, THS has policies and procedures in place to make sure that securities in initial public offerings are recommended only to clients for whom they are suitable given the client's investment objectives and assets. In addition, clients are generally given a transaction specific disclosure prior to the client's decision to invest in such securities.

Premier Trust

THS investment adviser representatives may recommend Premier Trust to provide trust and administrative services. Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

Triad Insurance Inc.

Certain THS investment adviser representatives are licensed to sell life and annuity insurance products through Triad Insurance, Inc., (a wholly owned subsidiary of Triad Advisors), and various other companies. Triad Insurance, Inc., as well as the appropriately licensed (investment adviser representative), will receive compensation for the sale of such products. THS will often recommend the purchase of insurance products in connection with financial planning and related consulting services. Such recommendations constitute a conflict of interest whenever THS or the investment adviser representative recommends insurance products for which they will receive commissions or other compensation. To address this conflict, THS has policies and procedures in place to ensure that the insurance products recommended are well suited to clients. Clients are under no obligation to purchase insurance products through any particular insurance agency or representative.

Other Business names and logos

THS investment adviser representatives may have their own legal business entities whose business names and logos may appear on marketing materials as approved by THS, or client statements approved by the Custodians. The Client should understand that the businesses are legal entities of the investment adviser representative and not of THS, nor the Custodians. Additionally, the business entity may provide services other than as an investment adviser representative as disclosed herein and also provided to Client in each investment adviser representative's personalized disclosure Brochure Supplement; However, investment advisory services of the investment adviser representatives are provided through THS.

Third-Party Lending Referral Arrangements

Investment adviser representatives have the option to refer clients to a third-party lending institution to obtain a loan using account securities as collateral. Triad receives a fee from this lending if it has an arrangement with that specific third-party lending firm. This creates a conflict of interest. THS has policies and procedures in place to prevent conflicts of interest from influencing recommendations made by our investment adviser representatives and to assure that recommendations are consistent with our duties to clients. Any fee so received will not reduce a client's management fee.

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

Our firm has adopted a Code of Ethics for all supervised persons of the firm describing our high standard of business conduct, and fiduciary duty to our clients. All supervised persons at our firm must acknowledge the terms of the Code of Ethics and all Access Persons (defined as investment personnel with access to information regarding client transactions, which includes portfolio managers, assistant portfolio managers, research analysts and trading room personnel, officers of THS, and other designated persons) must report personal securities transactions and holdings periodically, or as amended.

The Code of Ethics is enforced through compliance monitoring activities and surveillance. In cases where the firm discovers that an employee has violated a firm policy and/or procedure, the firm's Code of Business Conduct or Code of Ethics, a state or federal law, regulation of FINRA, the SEC, or other regulatory agency, the Compliance Department will take appropriate steps to investigate the circumstances and will take action commensurate with the manner of the violation. Such actions could take the form of a written warning to the employee in conjunction with the firm's Legal Department or be as serious as disciplinary action up to and including termination. Any such investigations will be brought to the appropriate regulator's attention, if necessary, which may result in a disclosure of the violation on the employee's U4 form, if required.

Our Code of Ethics ("Code") are designed to ensure that our personnel:

1. observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties;
2. place the interests of our clients first at all times;
3. disclose all actual or potential conflicts of interest;
4. adhere to the highest standards of loyalty, candor and care in all matters relating to our clients;
5. conduct all personal trading consistent with the Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and
6. do not use any material non-public information in securities trading.

The Code of Ethics also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information. Under the general prohibitions of the code, our personnel may not:

1. effect securities transactions while in the possession of material, non-public information;
2. disclose such information to others;
3. participate in fraudulent conduct involving securities held or to be acquired by any client; and
4. engage in trading activities that create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the code.

Our personnel are required to conduct their personal investment activities in a manner that is not detrimental to our advisory clients. They are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where our investment adviser representatives buy and sell on behalf of their clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access Persons to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code. The Code of Ethics is available to clients and prospective clients from our firm upon request.

Our investment adviser representatives buy or sell for their own accounts, securities that are also held by their clients. Conversely, they buy and sell securities for client accounts which they themselves own. investment adviser

representatives may also recommend, buy or sell securities for client accounts at or about the same time that they buy or sell the same securities for their own accounts. Such transactions are permitted if in compliance with our policy on personal securities transactions. Reports of personal transactions in securities by our investment adviser representatives are reviewed by our firm's Compliance department quarterly or more frequently if required. Client should also understand that THS and investment adviser representative perform advisory services for various other clients, and that THS and investment adviser representative may give advice or take actions for those other clients that differ from the advice given to the client. The timing or nature of any action taken for the account will likely also be different. In the event that you request a copy of our Code of Ethics, we will furnish a copy within a reasonable period of time to you at your current address of record.

A full copy of our Privacy Policy is provided, upon inception, of a new client and is provided each year thereafter. You may request a copy of our Privacy Policy at any time and a copy will be furnished within a reasonable period of time to you at your current address of record.

Brokerage Practices

THS is a multi-custodial investment adviser, which means THS has relationships with various custodians which also act as broker-dealers and custody client funds and securities. Currently, THS recommends Fidelity Institutional Wealth Services ("Fidelity") through Fidelity Brokerage Services LLC or National Financial Services LLC ("NFS") (limited exception), TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") and Schwab Advisor Services, a division of Charles Schwab & Co., Inc. ("Schwab"). Generally, each investment adviser representative chooses to use one of the custodians exclusively to execute transactions and custody client funds and securities. THS does not require investment adviser representatives to utilize a particular custodian over another that THS currently offers.

A number of factors affect custodial choice and in seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, safety of customer funds, execution capability, commission rates and responsiveness. Accordingly, although THS will seek competitive rates, to the benefit of all clients, it will not necessarily obtain the lowest possible commission rates for specific client account transactions. In recommending broker-dealers for custodial services, THS may consider any or all of the following:

- Quality of overall execution services provided
- Promptness of execution
- Creditworthiness, financial condition, and business reputation
- Research (if any) provided
- Promptness and accuracy of reports on execution
- Ability and willingness to correct errors
- Ability to access various market centers
- The Custodian's facilities, technology & technology integrations
- Commission or transaction charged to clients
- Execution capabilities and operational efficiencies
- Product specialty and availability (types of securities)
- Banking, charitable & trust services offered

The benefits received by THS or its personnel through participation in programs available at Fidelity, Schwab or TD Ameritrade ("Custodians") do not depend on the amount of brokerage transactions directed to the Custodians. Clients should be aware, however, that the receipt of economic benefits by THS or its related persons in and of itself creates a potential conflict of interest and may influence THS' choice of custodian for custody and brokerage services. THS receives no products, research, or services in connection with client securities transactions (i.e., soft dollars or soft dollar benefits) that it would consider a primary factor in utilizing a particular broker-dealer. However, under its custodian agreements, THS receives certain services and products, such as fundamental research reports, technical and portfolio analyses, pricing services, access to a trading desk, access to block trading, economic forecasting and general market information, historical database information and computer software that assists Triad Advisors' representatives in their investment management process.

Custodians may refer financial professionals to THS, and these professionals may become investment adviser representatives of our firm. These referrals from our Custodians raise potential conflicts of interest. Custodians will most likely refer potential investment adviser representatives to THS when we encourage those investment adviser representative's clients to custody their assets at the referring firm and whose client accounts are profitable to the Custodians. Consequently, in order to obtain referrals, THS has an incentive to recommend to clients that the assets under management by THS be held in custody with the referring firm and to place transactions for client accounts with that same Custodian. THS does not pay referral fees to Custodians for providing THS with potential investment adviser representative referrals. This arrangement does not diminish our duty to seek best execution of trades or our duty as a fiduciary to act in the client's best interest.

Fidelity provides THS with technology platforms or other software to access Fidelity's brokerage system. These systems aid THS in providing services to its clients and their accounts, which includes software that makes available client's account data, facilitates trade execution, allocates aggregated trade orders, facilitates payment of fees from client accounts, and assists with back office functions, such as recordkeeping and client reporting. Fidelity may also assist THS with investment adviser representatives joining the Fidelity platform, and in some cases, pay account transfer fees or other charges the client may have to pay when changing custodians or service providers. The agreement for services described above may be better or worse than the terms offered to other advisors and may depend on the type or amount of business THS and its client conduct with Fidelity. Other factors may be considered as well, including the amount of assets in accounts with Fidelity within a certain timeframe. Our investment adviser representatives are motivated by these factors when recommending Fidelity accounts to clients. THS will establish pricing on commissions, account transactions, and other service fees for accounts in which Fidelity is the custodian. This pricing will be agreed upon based on the current and expected type and amount of business THS plans to do with Fidelity.

Schwab provides THS with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

THS participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisers, services which include custody of securities, trade execution, clearance, and settlement of transactions. THS may receive benefits from TD Ameritrade through its participation in the program. There is no direct link between THS' participation in the program and the investment advice it gives its clients, although THS receives economic benefits through its participation in the program that are typically not available to TD retail investors.

The Custodians also sponsor and make available to THS other products and services that benefit THS but may not benefit all of its clients' accounts. These benefits may include national, regional or THS specific educational events, conferences or meetings relating to the programs or advisor custody and brokerage services generally. Some potential benefits include occasional business entertainment of personnel of THS by the Custodians' personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which accompany educational opportunities. Other of these products and services assist THS in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of THS' fees from its clients' accounts, access to mutual funds with no transaction fees and to certain institutional money managers; and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services are used to service all or some substantial number of THS' accounts, including accounts not maintained at Schwab, TD Ameritrade or Fidelity. Certain Custodians also make available to THS other services intended to help THS manage and further develop its business enterprise. These services include professional compliance, legal and business consulting, publications, conferences, roundtables and webinars on practice management, information technology, business

succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, the Custodians make available, arrange and/or pay vendors for these types of services rendered to THS by independent third-parties. The Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to THS.

The Firm receives from TD Ameritrade certain additional economic benefits (“Additional Services”), through which the Firm will receive certain additional economic benefits which may or may not be offered to any other independent advisors that participate in the Additional Services Program. TD Ameritrade provides the Additional Services to THS in its sole discretion and at its own expense, and THS does not pay any fees to TD Ameritrade for the Additional Services. THS and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provisions of the Additional Services.

Through the Additional Services agreement, the Firm will receive additional compensation directly or indirectly from TD Ameritrade that will help defray the cost of software and applications, namely Salesforce and BlackDiamond.

THS’ receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to THS, TD Ameritrade considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, the Firm’s clients accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with THS, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain Additional Services from TD Ameritrade, THS has an incentive to recommend to its clients that the assets under management by THS be held in custody with TD Ameritrade and to place transactions for clients in accounts with TD Ameritrade. THS’ receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

Trade Allocation and Aggregation

When the purchase or sale of a particular security is appropriate for more than one client account, trades for advisory clients may be aggregated. We may simultaneously enter orders to purchase or sell the same securities for the account of two or more clients. It is a common practice that these orders be “batched” for ease of execution. This is done principally to ensure that clients are treated fairly and that one client is not advantaged at the expense of another client. Trades with advisory clients may be aggregated with those of other clients of THS or the personal trades of investment adviser representative’s accounts as well. Aggregate orders may not reduce transactions costs. There may be several prices at which the securities transactions are executed, even though the orders were entered as one order for all accounts. Investment adviser representative may aggregate all, none or some of client trades based on, among other things, a client’s investment guidelines and restrictions (including those on the use of discretion by the representative) the type of securities and the size of the order.

THS’s policies do not require investment adviser representative to aggregate or block trade all client orders. When a representative chooses not to aggregate client orders for the same security a conflict of interest exists (except for mutual funds). In such instances, the adviser must decide which client order to place first which may result on one client receiving a better execution price over another client and will lead to certain client accounts receiving more favorable order executions over time. THS does not monitor representatives choosing not to aggregate orders to determine whether any one client or group of clients is systematically disadvantaged over time. It is our practice to treat all subject accounts equally when a block trade occurs, averaging the execution prices of the related trades and applying the average price to each transaction and account. Allocations of “batched” trades also may be rounded up or rounded down to avoid odd lot or small holdings in any client account. THS may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades and the liquidity of the securities. If the firm does not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating will, in certain circumstances, cost clients more money. Clients that are not included in block trading of other client accounts may receive a higher or lower price than clients that have been included in a block trading order. In order to ensure that no client or group of clients is favored over another, THS retroactively reviews the block trading activity with respect to clients that are not included in block trades with other clients of a representative for the same security on the same date.

Fixed Income

In addition, THS may execute fixed income trades through Advisors Asset Management. A THS investment adviser representative may choose to execute through Advisors Asset Management due to their access to the bond markets, trading support services, and the ability to view competitive offerings. THS does not receive referrals, products, research or services (i.e., soft dollars) in connection with this relationship. However, Triad Advisors receives payments from Advisors Asset Management for having directed a volume of transactions to them for execution of orders for client accounts, which may include advisory accounts. This compensation does not affect the “wrap fee” or the price that clients pay for securities or the transaction charges they pay. More information about these payments are available upon request.

Triad Advisors, LLC (“Triad”) or Ladenburg Thalmann & Co, Inc. (“LTCO”), an affiliate of THS, may act as broker-dealer for accounts in these programs for certain syndicate and fixed income securities. Thus, by recommending one of these securities, the investment adviser representative is recommending Triad or LTCO as broker-dealer. The transaction charges paid in connection with these programs may be more or less than the client would pay for transactions through other broker-dealers. However, these transaction charges are determined taking into account the advisory services provided by THS.

Mutual Fund Share Class Selection

Mutual funds typically offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail mutual fund share classes (typically, Class A, B and C shares), mutual funds may also offer institutional or advisor share classes (the “lower cost share classes”) or other share classes that are designed for purchase in an account enrolled in an investment advisory programs. These lower cost share classes usually have a lower expense ratio than other shares classes.

Certain mutual fund share classes are available for purchase or sale without a transaction fee; these mutual funds are typically available in the higher cost share class. Mutual Fund share classes which have a transaction fee are typically available in the lower cost share classes. The decision to use the higher cost share classes versus the lower cost share classes is based on the anticipated level of trading activity in the selected mutual fund. Generally, prolonged holding periods of the higher cost share classes result in higher underlying expenses to the client than if a lower cost share class were chosen with a transaction fee. In discussing with clients which share class is appropriate, our representatives will typically discuss the size of the investment in the particular mutual fund, anticipated number of transactions in the mutual fund, the preference of paying a transaction fee and the likely turnover of the assets in the account based on the proposed strategy for the account. Please contact your representative for more information about share class eligibility. Clients may find additional information relating to Mutual Fund share classes by visiting

<http://www.finra.org/investors/alerts/understanding-mutual-fund-classes>.

Directed Brokerage

Directed brokerage occurs when an investment adviser complies with the client’s request to use a designated broker or custodian. THS generally requires that clients establish brokerage accounts with certain registered broker-dealers (“Custodians”). Currently, THS recommends Fidelity, Schwab or TD Ameritrade to maintain custody of clients’ assets and to effect trades for their accounts. THS is independently owned and operated and not affiliated with these Custodians. The final decision to custody assets with the Custodians listed above is made by the Client in the applicable program agreement, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. THS client accounts maintained at the Custodians generally do not charge separately for custody services but are compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through the Custodians or that settle into their accounts. Because THS may pay the execution costs in certain programs associated with securities transactions, there is a disincentive to trade securities above a certain threshold. THS does not receive any portion of the commission or fees from the Custodians.

The practice of directing brokerage is not required by all advisers and we may be unable to achieve the most favorable execution of client transactions at all times. This practice may cost clients more money, however as a fiduciary, THS endeavors to act in its clients’ best interests. THS’ recommendation/requirement that clients maintain their assets in accounts at the Custodians may be based in part on the benefit to THS or the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodians, which may create a potential conflict of interest. Clients are able to direct brokerage

transactions to a 3rd party for certain types of securities. Directing brokerage may cost clients more money because, as an example, we will not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices.

Review of Accounts

Client accounts are reviewed at least annually, or more frequently as agreed. Reviews of investment accounts typically look at portfolio consistency with regards to the client's risk tolerance, investment time horizon, performance objectives, and asset allocation instructions. Reviews also consist of covering account holdings, transactions, charges, and performance as provided on such statements and other account reports. Clients who also receive financial planning advice are reviewed on the same schedule. Reviews cover progress toward financial independence, anticipated distributions toward family legacy goals, anticipated distributions for social capital or charitable goals, as well as other goals communicated by the client. In either type of review, accounts will also be reviewed upon notice of changes in a client's circumstances. These reviews are primarily conducted by our investment adviser representative.

In addition, THS' compliance program includes the periodic review of a sample of customer accounts for consistency with a client's risk tolerance, investment time horizon, performance objectives, and asset allocation instructions by the Triad Advisors compliance department. Financial Plans will also be reviewed by Triad Advisors' compliance department prior to the delivery to clients.

Clients are provided with monthly or quarterly account statements from the qualified custodian, depending on the activity in the account. Reports include details of client holdings, asset allocation, and other transaction information. Also see the section on "Custody" for additional information regarding custodians.

THS or the investment adviser representative may provide clients with additional account review reports. Comparisons to market indices and account performance may be used to evaluate account performance in connection with these review reports. We recommend comparing the account statements you receive from the independent custodian with those you receive from us. You should immediately inform us of any discrepancy noted between the custodian records and the reports you receive from us.

Information in these account review reports may be provided by clients or third-parties. THS does not independently verify information provided by a custodian, client or other third-party, nor does THS guarantee the accuracy or validity of such information. THS is not liable in connection with its use of any information provided by a client, a custodian, or other third-party in the account review reports.

Client Referrals and Other Compensation

THS compensates other persons for client referrals. THS enters into an agreement with such referral agents and pays them either a flat fee or a portion of the advisory fee. The referral agent discloses to the client at the time of the solicitation, the arrangement and the compensation to be received by the referral agent. The compensation to be paid in connection with these agreements is subject to negotiation between THS, the investment adviser representative and the referring party. These referral arrangements are designed to comply with SEC regulations as set out in 17 CFR Section 275.206(4)-3. In those states that require solicitors to be licensed or filed as an investment adviser representative, we will require the solicitor to be so licensed or filed under THS. THS may receive solicitors' (referral) fees based on a written agreement from unrelated investment adviser firms for referring clients for financial planning and/or investment advisory services. A disclosure letter will be provided to the client prior to or at the time of entering into any solicitation arrangement for financial planning and/or investment advisory services that identifies the solicitation fee. The solicitor's fee does not increase the fees paid by the client.

THS may enter into agreements with third-parties that will solicit clients for THS and receive compensation for solicitation efforts. In such instances, the third-party solicitor will receive either a percentage of, or a set fee from, the fee charged to the client. If a solicitor is used in connection with a client's account, the structure and arrangement of the solicitation agreement, as well as the compensation paid to the solicitor, will be fully disclosed to the client, which disclosure will be acknowledged in writing by the client when participating in a THS program. The fee charged to a client is not affected by the use of a third-party solicitor in connection with client accounts, and a client will not be charged any additional fees for the use of such services.

As set forth in “Fees That Clients May Pay in Addition to the Wrap Fee” above, THS and the investment adviser representatives may receive compensation from third-parties in connection with trades executed for investments held in advisory accounts. Certain mutual fund issuers and product sponsors sponsor and pay for client luncheons, or other events, that THS’ investment adviser representatives host. These arrangements give rise to conflicts of interest, or perceived conflicts of interest, with the firm’s clients in connection with investment adviser representative’s recommendation of certain investment products. However, THS’ commitment to its clients and the policies and procedures it has adopted are designed to limit any interference with THS’ independent decision-making process when choosing the best investment for our clients.

Additionally, THS may receive additional compensation from our custodians for assets held in customer accounts. However, THS’ commitment to its clients and the policies and procedures it has adopted are designed to limit any interference with THS’ independent decision-making process when choosing the most appropriate investments or custodian for our clients. In addition, as noted above, this additional compensation does not represent additional fees from client accounts to us; they would be paid by our custodians. Finally, we are committed to utilizing whatever fees we may receive under this arrangement to enhance our services to clients. For the most current list of custodians which pay these fees to THS, please ask your Investment Advisory Representative or contact THS directly at the number listed on the first page.

To the extent that THS is acting as a “Fiduciary” with respect to “Qualified Accounts” subject to “ERISA”, THS will seek to avoid or remedy any situation where its receipt of compensation from a custodian would be a prohibited transaction under “ERISA”. For purposes of the foregoing, “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and the applicable “ERISA-mirror provisions” of Sections 4975 of the Internal Revenue Code of 1986, as amended; “Fiduciary” shall be defined as that term is defined under ERISA; and “Qualified Accounts” shall mean accounts that constitute a retirement plan (including a 401(k) plan) or other employee benefit plan subject to ERISA, an account for a tax-qualified retirement plan (including a Keogh plan), or an individual retirement account under the Internal Revenue Code.

Compensation and Reimbursement of Expenses to Affiliates of THS

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

Triad Advisors receives compensation from mutual funds and variable product sponsors available to you through our representatives. These payments may include:

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

Triad Advisors may also receive additional payments called revenue sharing payments and/or marketing allowances from certain product sponsors under special agreements with those firms, called “Strategic Partners”. Additional details concerning the Strategic Partners Program and Non-Publicly Traded Products are set forth below (“Compensation and Reimbursement of Expenses to Ladenburg Thalmann Financial Services Inc. (LTFS) and affiliates”). Triad Advisors also maintains revenue and marketing allowance payment programs involving certain Real Estate Investment Trusts (commonly referred to as REITs). Representatives of product sponsors, often referred to as “wholesalers”, work with Ladenburg Thalmann and its representatives to promote their products. These product sponsors are generally granted access to our representatives to promote their products.

Consistent with rules set out by FINRA, these wholesalers and/or their firms pay Triad Advisors for training or education of our representatives. Product sponsors also make payments to Ladenburg Thalmann to promote the marketing of their products to clients which includes seminars for clients and potential clients. These firms also invite representatives to due

diligence or continuing education meetings regarding their products. From time to time Triad Advisors also allows its representatives to attend off-site training sessions that will be sponsored or co-sponsored by these product sponsors. Triad Advisors prohibits the promotion of any product, including those issued by fund families, insurance carriers, or sponsors, over another based solely on additional payments or other considerations that might be received from the sale or marketing of their products. Representatives are required to make recommendations to clients based on the clients' needs and objectives; however, receipt of such reimbursements creates a conflict of interest because there is an incentive for your representative to recommend products that provide such payments. The services that Triad Advisors provides under some or all of these investment options may be available from other providers for lesser fees. In addition, you may buy securities (e.g., mutual funds, exchange-traded funds, etc.) outside of our investment programs without incurring fees through our program. We encourage you to talk with your representative about any fees or compensation they receive from the sale of investment products.

Representatives may also receive incentives to join and remain affiliated with Triad Advisors through certain compensation arrangements that include bonuses, enhanced pay-outs, forgivable loans and/or business transition loans. The receipt of such compensation is a conflict of interest, however, Representatives are required to make recommendations based on the client's needs and objectives.

Non-Publicly Traded Products

Triad Advisors, also offers several non-publicly traded products, including, but not limited to, non-listed real estate investment trusts ("REITS"), limited partnerships ("LPs"), and 1031 exchange programs, hedge fund or funds, managed futures, tax credit programs, oil and gas programs, venture capital funds, and private equity funds. Triad Advisors conducts due diligence analysis of these products prior to making them available to the public through its representatives. Such due diligence is not a guarantee or assurance the products will not lose their value and you should read any offering document or prospectus for such products carefully as they describe the risk associated with such investments. In addition to receiving commissions on the sale of these products, Triad Advisors receives due diligence and/or marketing allowance payments from certain sponsors. While the arrangements with each sponsor may vary, each product sponsor may pay a due diligence or marketing allowance fee based upon the amount of assets held at the sponsor or on the gross amount of each sale, depending on the product. The receipt of these fees creates a conflict of interest in that Triad and its investment adviser representatives have a conflict of interest because there is an incentive to recommend products from sponsors that pay these fees as opposed to sponsors who do not pay such fees. To address this conflict of interest, Triad has policies and procedures in place to ensure that the investment products selected meet clients' investment goals and objectives. However, certain non-publicly traded products may not be available in an advisory program at THS. Please contact your Representative or visit www.com.triad-advisors.com/customer-information for a list of available sponsors.

Revenue Sharing and Referral Arrangements with our Clearing Firms

Triad Advisors receives reimbursement from its clearing firm, National Financial Services, LLC ("NFS"), for all or a portion of any transfer of asset fees which customers incur from other clearing providers upon the transfer of accounts to a Triad Advisors account carried by NFS. If Triad Advisors receives this type of reimbursement, Triad Advisors will retain all or a portion of such reimbursements or, at its discretion, pass through all or a portion of such reimbursement to its clients and/or its representatives. Triad Advisors also receives various forms of revenue from NFS based upon client activity, as well as the amount of assets custodied with these firms. In general, Triad Advisors and its affiliates share with these clearing firms the expenses of trade execution and account servicing. The revenue sources include, but are not limited to, a percentage or portion of fees and transaction charges collected by the clearing firms and shared with Triad Advisors, which may include ticket charges, margin interest charges, IRA fees, inactivity fees, money market fund 12b-1 trails, and other fees. Triad Advisors typically does not reduce advisory fees to offset ticket charges, transaction charges, maintenance charges or other miscellaneous charges incurred by clients in the management of their accounts. Please contact your representative or review the applicable investment advisory agreement for a schedule of transaction charges.

Other Revenue Sharing

Revenue is shared from transactions in fixed income, structured products and unit investment trusts (UITs). Based on the spread of a fixed income transaction both Advisors Asset Management (AAM) and the Ladenburg Fixed Income desk (LFI) at Ladenburg Thalmann & Co. Inc. share a dealer concession that can float with the type of bond and maturity. Currently only AAM conducts structured products business and shares revenue based on sales levels reached. Both AAM and LFI provide a revenue share component with UITs. The fact that Triad receives a portion of the revenue creates a

conflict of interest. To address this conflict, Triad has policies and procedures in place to ensure that the investment products selected meet clients' investment goals and objectives.

Syndicate Offerings

Clients purchase securities through broker-dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. LTCO, an affiliate of THS, acts as an underwriter or manager for such offerings, and as such, will receive compensation equal to either all or a portion of the "gross spread" (the difference between the price the client pays for the security and the price at which it purchased the securities). Triad Advisors, an affiliate of THS, also receives a portion of the gross spread as a member of the selling syndicate. The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement. Most THS investment adviser representatives are also registered broker-dealer representatives of Triad. Triad shares a portion of payments in connection with an initial public offering, a secondary offering, and/or a private placement with these representatives. THS investment adviser representatives also receive a portion of the compensation that Triad receives as a member of a selling syndicate. Thus, Triad and its representatives have a conflict of interest because there is an incentive to recommend purchases or sales in certain offerings and funds because Triad and its representatives will receive more compensation in connection with these securities than in connection with other types of securities that do not make such payments, thus creating a conflict of interest. To address this conflict of interest, Triad has policies and procedures in place to ensure that the investment products selected meet clients' investment goals and objectives.

Compensation and Reimbursement of Expenses to Ladenburg Thalmann Financial Services Inc. (LTFs) and affiliates

Ladenburg Thalmann and its Affiliates are also affiliated with SEC registered investment advisory firms, which include Ladenburg Thalmann Asset Management Inc., Securities America Advisors, Inc., Arbor Point Advisors, LLC, Triad Advisors, LLC, Triad Hybrid Solutions, LLC, SSN Advisory, Inc., Investacorp Advisory Services, Inc., and KMS Financial Services, Inc., (together "Ladenburg Thalmann Advisors"). Ladenburg Thalmann Advisors has also created the Strategic Partners Program for independent investment advisors. Investment advisors are selected to participate based on several criteria including investment strategy, investment performance, transaction reporting capabilities and training and wholesaling support. In exchange for certain benefits, such as an opportunity to participate in Ladenburg Thalmann's national conferences and broader access to our representatives, investment advisors in the Strategic Partners Program pay to participate in the program by sharing with Ladenburg Thalmann Advisors a portion of the revenue generated by distributing their products and services and or paying a specified annual dollar amount. Ladenburg Thalmann Advisors representatives may also receive reimbursements, marketing and distribution allowances, due diligence fees, or other compensation based on deposits and/or assets under management directly from third-party asset manager program sponsors for the costs of marketing, distribution, business and client development, educational enhancement, and/or due diligence reviews incurred by Ladenburg Thalmann Advisors and/or Ladenburg Thalmann Advisors representatives relating to the promotion or distribution of the program sponsor's products or services. The receipt of these reimbursements creates a conflict of interest in that it provides Ladenburg Thalmann Advisors, including Triad, with an incentive to recommend the products of the program sponsors based on the receipt of the above-described reimbursements rather than clients' investment goals and objectives. To address this conflict, Triad has policies and procedures in place that are designed to ensure that the investment products selected are tailored to clients' investment goals and objectives regardless of the potential for additional compensation.

Ladenburg Thalmann Advisors Strategic Partners pay a flat annual fee. In addition to a flat fee, which may be up to \$400,000 per year, Strategic Partners pay basis points on sales on assets, or a percentage of the Partner's net advisory fee derived from assets invested through their models. It is important to understand that none of the payments made by the firms participating in the program are paid or directed to any representative who utilizes the services of these investment advisors. For a list of Strategic Partners and additional information on the program please contact your Representative or visit www.com.com/customer-information.

Due Diligence and Product Administration Expenses

Consistent with prudent product approval and due diligence practices Ladenburg Thalmann may require an independent third-party to conduct a review of a product sponsor, investment company, investment advisor, or one of their products or services prior to making the product or service available for solicitation to the general public by representatives. Ladenburg Thalmann may incur costs in connection with the analysis provided by the due diligence analyst. Ladenburg Thalmann may in turn require that the investment company or investment advisor reimburse Ladenburg Thalmann for

such expenses. In addition, Ladenburg Thalmann may at its discretion require investment companies and investment advisors to pay annual fees to reimburse Ladenburg Thalmann for ongoing due diligence and product administration expenses.

Income Distribution Partner Program

Ladenburg Thalmann created the Income Distribution Partner program for certain third-party money managers, variable products, mutual fund and fixed insurance product sponsors. These Product Sponsors are selected to participate based on several criteria including product breadth, investment performance, training, wholesaling support, and brand recognition. In exchange for certain benefits, such as broader access to Ladenburg Thalmann representatives, sponsors participating in the Income Distribution Partners program are required to pay Ladenburg Thalmann for participation. The Ladenburg Thalmann income distribution planning desk is available to assist with the development of distribution plans for clients. The income distribution plans use suitable products available from both the Income Distribution Sponsor Partners and products on the Ladenburg Thalmann Approved Product list. Advisors using the planning services are not required to use the products included in the proposal and do not receive a greater or lesser commission for utilizing these products. The marketing educational, and distribution activities paid for with revenue sharing, however, could lead representatives to consider products that make revenue sharing payments to Ladenburg Thalmann, as opposed to sponsors that do not make such payments. For a list of Income Distribution Partner Program Participants please contact your Representative or visit www.triad-advisors.com/customer-information.

Distribution Partner Program

Ladenburg Thalmann focuses on a select group of mutual fund, variable annuity and investment management companies providing them greater access to our financial advisors to provide training, education presentations and product information. The purpose is to identify creative ways to help these firms increase field visibility, identify meaningful advisor networking opportunities, present timely products and grow assets. In return for these increased services, these sponsors compensate the firm in the form of revenue sharing payments. In addition to the customary sales commissions paid in connection with sales of mutual funds, variable annuities, third-party models and money market funds, these sponsors make payments to Ladenburg Thalmann to participate in the program. The payments consist of amounts up to 10 basis points on a sponsor's sales, up to 5 basis points on assets. In addition, Ladenburg Thalmann will be reimbursed by the Distributor Partner, in certain situations, for expenses incurred for various promotional activities including but not limited to sales meetings, conferences and seminars held in the ordinary course of business. Ladenburg Thalmann receives a flat fee of up to \$300,000 per year, per sponsor, for such reimbursements. For a list of Distribution Partner Program Participants please contact your Representative or visit www.triad-advisors.com/customer-information.

Revenue Sharing and Referral Arrangements with our Clearing Firms

Ladenburg Thalmann has a referral arrangement with NFS, whereby Ladenburg Thalmann receives business credits or other compensation from NFS based on the amount of Ladenburg Thalmann client assets custodied by NFS which may be transferred to the advisory platform maintained by Fidelity Institutional Wealth Services Group (IWS), a division of NFS' affiliated company Fidelity Brokerage Services, LLC, by representatives, as well as representatives who may terminate their registration with Ladenburg Thalmann and FINRA and conduct business as an investment advisor representative of an independent registered investment advisor (IRIA). Ladenburg Thalmann may recommend the IWS advisory platform and provide ongoing service and support to IRIAs representatives of Ladenburg Thalmann. IRIAs are under no obligation to transfer client assets to IWS and do not receive any additional compensation or remuneration for selecting IWS. Similarly, clients do not incur any additional fees or expenses as a result of payments of business credits or compensation by NFS to Ladenburg Thalmann.

Fixed Insurance

Ladenburg Thalmann affiliates include licensed insurance agencies which receive commissions in connection with the sale of fixed insurance products by representatives who are licensed to sell fixed insurance products. Ladenburg Thalmann, in addition to receiving commissions on the sale of these insurance products, receives payments from certain insurance sponsors for marketing, training, and distribution support. None of these additional payments, however, are paid or directed to any representative/insurance agent who sells these products. In addition, Ladenburg Thalmann representatives/insurance agents do not receive a greater or lesser commission for sales of these insurance products from which Ladenburg Thalmann receives revenue sharing payments. The marketing, educational, and distribution activities paid for with revenue sharing, however, could lead our representatives/insurance agents to consider insurance products

that make revenue sharing payments to Ladenburg Thalmann – as opposed to insurance sponsors that do not make such payments – when recommending insurance products to their clients.

Financial Information

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about their financial condition. Our firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and is not currently, nor at any time in the past ten years been the subject of a bankruptcy proceeding. In addition, THS does not require prepayment of advisory fees six months or more in advance.

Privacy Policy

V1.3

FACTS	WHAT DOES TRIAD HYBRID SOLUTIONS, LLC DO WITH YOUR PERSONAL INFORMATION?	 Triad Hybrid Solutions Confidence Wherever You Grow.
--------------	---	--

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing of your personal information. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully in order to better understand what we do.
-------------	---

What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> • Social Security Number, Date of Birth, Address, contact information and Income • Assets and Investment Experience • Account Transactions and Retirement Assets • Tax Reporting and Investment Performance Information <p>When you are no longer our customer, we continue to share your information as described in this notice.</p>
--------------	--

How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Triad Hybrid Solutions, LLC chooses to share; and whether you can limit this sharing.
-------------	--

Reasons we can share your personal information	Does Triad Hybrid Solutions, LLC share?	Can you limit this sharing?
For our everyday business purposes To administer, manage and service customer accounts, process transactions and provide related services for your accounts, it is necessary for us to provide access to personal information within the Triad Hybrid Solutions, LLC, companies and to certain nonaffiliated companies. We may share your personal information: <ul style="list-style-type: none"> • To process your transactions, maintain your account(s), respond to court orders and legal investigations, report to credit bureaus, government entities and our outside auditors. • With third party administrators and vendors for the purposes of providing current and future information on your account (such as transaction history, tax information and performance reporting). • With affiliated and nonaffiliated entities that perform services for us or function on our behalf (such as check printing services, account aggregation providers, clearing broker-dealers, investment companies, and insurance companies) 	Yes	No
For our marketing purposes To offer our products and services to you	Yes	No
For our Affiliates to market to you	Yes	No
For nonaffiliates to market to you	No	We don't share

For joint marketing with other financial companies Federal and certain state laws give us the right to share your information with banks, credit unions, retirement plans and other financial companies with where a formal agreement exists between us and them to provide or market financial products or services to you. However, we will not share your information with these financial companies for marketing purposes if your financial advisor is not affiliated with them without your consent, but we may share information with these financial companies where necessary to service your accounts.	Yes	No
For clients of Independent Adviser Representatives (“Financial Advisors”) registered with Triad Hybrid Solutions, LLC <ul style="list-style-type: none">• If your financial advisor terminates his or her relationship with us and moves to a New Firm, we or your financial advisor may disclose your personal information to the New Firm, unless you instruct us not to. If you do not want us or your financial advisor to disclose your personal information to the New Firm when your financial advisor terminates his or her relationship with us, you may request that we and your financial advisor limit the information that is shared with the New Firm.• Your personal information may also be shared with certain entities that are owned, controlled by or affiliated with your financial advisor, such as an independent insurance agency, accounting firm or independent investment advisory firm.• In the event your financial advisor (or his/her estate) agrees with an unaffiliated financial advisor or unaffiliated brokerage or investment firm to sell all or some portion of his/her securities, advisory or insurance business your personal information may be shared with the acquiring financial advisor and/or the New Firm. <p>If your primary address is in a state that requires your affirmative consent to share your personal information with the New Firm then you must give your written consent before we will allow your financial advisor to take any of your personal information to that New Firm.</p>	Yes	Yes
Who we are		
Who is providing this notice?	Triad Hybrid Solutions, LLC, a registered investment adviser. Your financial advisor is an investment adviser representative of Triad Hybrid Solutions, LLC and we are required to provide this notice to inform you of how we collect, share and protect your personal information.	
What we do		
How does Triad Hybrid Solutions, LLC protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include ongoing employee training, computer safeguards and secured files and buildings.	
How does Triad Hybrid Solutions, LLC collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none">• Open an investment account or deposit money• Seek advice about your investments• Give us your account information or provide employment information• Make a wire transfer <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies</p>	
Why can’t I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none">• Sharing for affiliates’ everyday business purposes information about your creditworthiness• Affiliates from using your information to market to you• Sharing for non-affiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing</p>	

Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and non-financial companies.</p> <p>Our affiliates include companies engaged in the financial services industry with Triad Hybrid Solutions, LLC; financial companies such as Triad Advisors, LLC., Ladenburg Thalmann Financial Services Inc. and its affiliated companies.</p>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies</p> <ul style="list-style-type: none"> • Triad Hybrid Solutions, LLC does not share with non-affiliates so they can market to you.
Joint Marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> • Triad Hybrid Solutions, LLC does not engage in joint marketing.
To limit our sharing	<p>If you prefer that we not disclose your non-public personal information to persons or companies that are not Triad affiliates, you may opt out of those disclosures, except as to disclosures that are required or permitted by law. If you wish to opt out of any such disclosures of your non-public personal information, you may do so by completing the Non-public Personal Information Opt Out Form and returning it to us as instructed on the Form. Please contact us at the number below to receive a copy of our Opt Out Form.</p> <p>Please be aware, however, that we may not be able to service your needs as effectively if you opt out of information sharing. Depending on specific circumstances, we may need to close your account or cease performing certain services or cease effecting certain transactions for you if you do not allow us to share information with persons or companies whose assistance is critical. Your Triad Hybrid Solutions Investment Adviser Representative can discuss these matters with you as they relate to your specific circumstances.</p> <p>In addition, Triad Hybrid Solutions, LLC has signed the Protocol for Broker Recruiting ("Protocol") which allows the financial advisor servicing your account to take certain limited information in the event he/she leaves Triad Hybrid Solutions, LLC and joins another firm which has also signed the protocol. The information your financial advisor can take is limited to your name, your address, your phone number, your email address and the title of your account. If you choose to Opt-Out Triad Hybrid Solutions, LLC will notify your financial advisor of your decision to keep the information confidential and not let it be taken by your financial advisor to his/her new firm.</p>
Questions?	<p>Triad Hybrid Solutions, LLC, 5155 Peachtree Parkway, Ste 3230, Norcross GA 30092. Call 866-580-8219 or go to www.triadhybrid.com</p>