



Contour Wrap Fee Program Brochure

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One Lincoln Center
Syracuse, NY 13202
800.288.8601
www.cadaretgrant.com

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Cadaret Grant & Co., Inc. ("Cadaret Grant"). If you have any questions about the contents of this Brochure, please contact us at 800-288-8601. 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. Cadaret Grant is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Cadaret Grant & Co., Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The following summarizes disciplinary actions taken against Cadaret Grant & Co., Inc.' ("Cadaret Grant") since its last annual update of Form ADV, March 25, 2019. For more details, please see the item in this Brochure referred to in the summary below.

On June 28, 2019, Cadaret Grant addressed a letter to the Pennsylvania Department of Banking and Securities ("Department") disclosing the results of a recent internal review that discovered that one or more of its registered representatives did not carry the required investment advisory registration in the State of Pennsylvania. The letter requested a waiver from the Series 65/66 examination requirements for these representatives. Consistent with our internal review, the Department concluded that Cadaret Grant was in violation of the Pennsylvania Securities Act of 1972 and imposed a fine of \$90,000. The Firm has since enhanced its processes and procedures to mitigate the risk of future lapses. In addition, the Department granted a waiver from the examination requirements for the representatives in issue. (Item 9)

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Services, Fees and Compensation	5
Introductory Information	5
Services	5
Advisor as Portfolio Manager (“APM”)	7
Fund Strategist Portfolios (“FSP”)	7
Separately Managed Accounts (“SMA”)	8
Unified Managed Accounts (“UMA”)	9
Fees	10
Changes to Fees	12
Other Fees and Expenses	12
Additional Fees for Collective Investment Vehicles	13
Compensation Related to Mutual Funds and Other Investments	13
Additional Fees for Trades Executed at Other Broker/Dealers	14
Fee Offset	14
Fee Information Applicable to Wrap Fee Accounts	15
Item 5 – Account Requirements and Types of Clients	15
Account Requirements	15
Types of Clients	15
Item 6 – Portfolio Manager Selection and Evaluation	16
SMA Managers, Sub-Managers, Strategists and Model Providers	16
Performance Calculation	17
Performance-Based Fees and Side-by-Side Management	17
Methods of Analysis, Investment Strategies and Risk of Loss	17
Methods of Analysis and Investment Strategies	17
Tax Implications	18
Risk of Loss	18
Voting Client Securities	19
Item 7 – Client Information Provided to Portfolio Managers	19

Item 8 – Client Contact with Portfolio Managers	20
Item 9 – Additional Information.....	20
Disciplinary Information	20
Other Financial Industry Activities and Affiliations.....	26
Conflicts of Interest as a Broker/Dealer and Insurance Agency	26
IRA Rollover Considerations.....	27
Conflicts of Interest with Independent Registered Investment Advisers	28
Conflicts of Interest with Affiliated Insurance Agency.....	28
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	28
Brokerage Practices	29
Custody	30
Review of Accounts	31
Client Referrals and Other Compensation	31
Cadaret Grant Compensation to IAR	31
Revenue Sharing	32
Solicitation Activities	35
Financial Information	35

Item 4 – Services, Fees and Compensation

Introductory Information

Cadaret Grant & Co., Inc. (“Cadaret Grant,” “us” or “we”), formed in 1985, is a Delaware corporation. It is an indirect wholly owned subsidiary of Atria Wealth Solutions, Inc., (“Atria”) a Delaware corporation that is privately owned.

Cadaret Grant is registered as a full-service general securities broker/dealer, is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and is registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”). Cadaret Grant offers products and services to its clients through its affiliate Cadaret, Grant Agency, an insurance agency.

As of December 31, 2019, Cadaret Grant had regulatory assets under management of \$4,595,749,694. Of that amount, \$815,565,050 was managed on a non-discretionary basis and \$3,780,184,644 was managed on a discretionary basis.

Cadaret Grant offers clients a variety of advisory programs. This Wrap Fee Brochure describes the Contour wrap fee advisory platform (“Contour”). Cadaret Grant is not a custodian of any accounts. Contour accounts are in custody of Pershing LLC (“Pershing”).

For additional information about Cadaret Grant, a copy of Cadaret Grant’s Form ADV is publicly available at the SEC’s website at www.adviserinfo.sec.gov or upon request.

Services

Contour is a discretionary managed wrap fee platform (“Platform”) sponsored by Cadaret Grant. Cadaret Grant has entered into an agreement with Envestnet Asset Management, Inc. (“Envestnet”), to provide administrative services for the program and Contour accounts. Cadaret Grant has designated Pershing to execute and clear transactions, custody assets and deliver statements and confirmations to you, as applicable. Neither Envestnet nor Pershing are affiliated with Cadaret Grant.

Additionally, Envestnet provides an electronic performance reporting system which permits an investment adviser representative (“IAR”) to create performance reports on demand in addition to preparing quarterly performance reports that will be provided to you.

Contour offers four wrap fee program options:

Wrap Fee Program Options	Program Description	Discretionary Authority	Minimum Account Size	Allowable Assets
Advisor as Portfolio Manager (“APM”)	Traditional discretionary IAR directed program	IAR	\$25,000	Mutual funds, ETFs, options (limited to covered calls and purchases), fee based UITs, equities, bonds, and fee-based annuities
Fund Strategist Portfolios (“FSP”)	Discretionary advisory program comprised of ETF and/or Mutual Fund Models	Envestnet	As low as \$2,000 (manager dependent)	ETFs, mutual funds and money market funds
Separately Managed Accounts (“SMA”)	Separately managed account program using third-party investment advisers	SMA Manager or Envestnet	\$100,000	ETFs, exchange traded notes and exchange traded vehicles, mutual funds, equities and bonds
Unified Managed Accounts (“UMA”)	Unified managed account program with Model Providers, Sub-Managers and Other Investments	Envestnet as Overlay Manager and IAR for Other Investments and allocation to model providers and Sub-Managers, if applicable	\$100,000	ETFs, exchange traded notes and exchange traded vehicles, mutual funds, fee based UITs, equities and bonds

Your IAR will interview you to determine your financial needs and objectives, gather your customer profile and risk tolerance information to complete a Statement of Investment Selection (“SIS”). The information gathered from the risk tolerance questionnaire (“RTQ”) or approved financial planning tool will assist in determining a recommended allocation of your assets into an asset allocation model fitting one of seven investment profiles: Capital Preservation, Income, Diversified Income, Balanced, Balanced Equity, Diversified Equity with Income, and Diversified Equity. Your IAR will obtain your written consent to change your investment profile risk tolerance. Your IAR will assist you in selecting one of the four program options to implement the portfolio. Your IAR will create a proposal (“Proposal”) including your investment profile questionnaire responses, selected program option(s) and applicable fees. You, your IAR and Cadaret Grant will enter into a Contour Platform Agreement (“Contour Agreement”) outlining your participation in the Platform.

Advisor as Portfolio Manager (“APM”)

APM is a program within the Platform designed to provide investment advice through an IAR for a fee based on the value of your Platform Assets. Acting under the Contour Agreement, your IAR establishes an account at Pershing for the purpose of creating a portfolio to be managed by your IAR on a discretionary basis. Envestnet has no discretion over assets managed in the APM and is not providing investment advice to you.

At the inception of the relationship, your IAR uses the investment profile based on your RTQ or a firm approved financial planning tool to select portfolio securities based on an asset allocation model. Your IAR will enter transaction orders consistent with your investment profile, risk tolerance and objectives. Currently, the list of approved investments for the APM includes mutual funds, exchange traded funds (“ETFs”), options (limited to covered calls and purchases), fee-based unit investment trusts (“UITs”), equities, bonds and other securities.

Your IAR’s selection of investments in APM will be limited by the FINRA registrations held by your IAR. If your IAR only holds the Series 6, Investment Company and Variable Contracts Products registration, the IAR will implement the IAR-directed model portfolio strategy using only mutual funds.

Because of the account’s discretionary nature, your IAR has full judgment over the selection and amount of investments to be purchased or sold in the account, without obtaining your prior consent or approval. Once a portfolio is constructed, your IAR monitors the account and rebalances the portfolio as changes in market conditions and client circumstances warrant.

Fund Strategist Portfolios (“FSP”)

FSP is designed to provide discretionary investment advice through a roster of third-party strategists, managed ETF and/or mutual fund models. The model portfolios are managed for a fee based on the value of your Platform Assets. Acting under the Contour Agreement, your IAR establishes an account at Pershing to be invested in one of the ETF or mutual fund models available in the program. Your responses to the RTQ or financial plan will assist in determining which of the models is appropriate based on your investment objectives, time horizon and risk tolerance.

Once an asset allocation model has been selected, you will grant Envestnet discretionary authority to:

- Invest the assets in the Program account in accordance with the selected ETF or mutual fund model strategy(ies);
- Make changes to the asset allocations, as deemed appropriate; and
- Rebalance the assets when needed.

Changes in the asset allocation model, which include adding, removing or replacing securities, are made based on a variety of factors as dictated by the strategist, including but not limited to, changes in economic, financial, market and/or political conditions.

At the inception of an account, FSP assets are invested in ETF and/or mutual fund models determined in accordance with set target percentages of the total assets in the account. Thereafter, as markets fluctuate and values change, amounts originally allocated to an ETF and/or mutual fund model will either exceed or fall below the original target allocations. Envestnet will periodically adjust model allocations back to the original asset targets, or “rebalance” the account. However, models are not rebalanced constantly, and asset allocations will drift away from their original target percentages before Envestnet, within its authority and judgment, brings those allocations back in line with the original percentages.

The selected strategist is responsible for monitoring the models and rebalancing each model as changes in market conditions warrant. Envestnet trades and rebalances FSP accounts based solely on strategist models and directives.

The tax consequences of ETF ownership differ from those of mutual funds. Held in taxable accounts, ETFs can be more tax efficient compared to traditional mutual funds. Generally, holding an ETF in a taxable account will generate less tax liabilities than if you held a similarly structured mutual fund in the same account. If you are concerned with tax efficiency, you should discuss this with your IAR or with your tax advisor.

Separately Managed Accounts (“SMA”)

SMA is a program designed to provide investment advice through other investment advisers (“SMA Managers”) for a fee based on the value of your Platform Assets. SMA Managers have been selected by Cadaret Grant to provide portfolio investment management services and have entered into a participation agreement with Envestnet. The selected SMA Manager has discretion to invest the assets in exchange traded products such as ETFs, exchange traded notes and exchange traded vehicles, mutual funds, equities, bonds and other securities.

At the inception of the relationship, the IAR uses the information from your RTQ or financial plan to recommend an SMA Manager whose strategy(ies) are appropriate for you based on your objectives and profile. Acting under the Contour Agreement, the IAR establishes an account at Pershing for the purpose of creating a portfolio to be managed by an SMA Manager on a discretionary basis. The SMA Manager manages the account according to the SMA Manager’s strategy(ies) and your reasonable restrictions, if any. The SMA Manager can, in its sole discretion, decline to accept a client for any reason.

Because of the account’s discretionary nature, the SMA Manager has full authority over the selection and amount of investments to be purchased or sold in the account, without obtaining your prior consent or approval. Once a model portfolio is constructed, the SMA Manager monitors the account and rebalances the portfolio as changes in market conditions and client circumstances warrant.

Unified Managed Accounts (“UMA”)

UMA is designed to provide you with access to various investment strategies, including model strategies provided by one or more model providers (“Model Providers”) and other available investments, such as ETFs, stocks and mutual funds (“Other Investments”) via a single Unified Managed Account (“UMA”). Individual Sub-Managers who manage and place trades for the sleeves (portion of an account) allocated to the Sub-Manager are an available option for certain strategies if selected and designated in the SIS. Model Providers and Sub-Managers are selected for UMA participation in Contour by Cadaret Grant and enter into a contractual relationship with Envestnet. Your IAR is granted authority to select and allocate assets among the Model Providers and Sub-Managers according to your risk tolerance. Your IAR is also granted limited discretionary authority to invest, reinvest and otherwise deal with assets allocated to Other Investments in your UMA according to your investment objectives, risk tolerance, and time horizon determined by the RTQ or financial plan.

Cadaret Grant has entered into an agreement with Envestnet, an investment adviser registered with the SEC, to act as the overlay manager for UMA by implementing trade orders and periodically updating and rebalancing each Model Portfolio pursuant to the direction of the Model Provider and IAR. Envestnet is granted limited discretionary trading authority with respect to assets in your UMA based on the selected models; to implement model changes; and to rebalance accounts pursuant to target allocations and program trading parameters established by Cadaret Grant. Envestnet will allocate assets across the investment choices available in UMA, in a manner consistent with your instructions, or in the case of Other Investments, your IAR’s instructions, without regard to Envestnet’s own assessment of such investment choices in circumstances where Envestnet has the authority to recommend or select them. No allocation of your assets to a particular model strategy or Other Investment should be considered an approval or endorsement by Envestnet of such model strategy or Other Investment.

When a Model Provider makes a change to a model strategy, Envestnet will implement changes to the UMA accounts at its sole discretion. Except as described below, with respect to such changes, Envestnet’s sole authority with respect to individual security selection is to carry out the client’s or IAR’s directions through implementation of the model portfolios provided by the model providers (“Model Portfolios”). Envestnet does not make any individual security decision on a client’s behalf other than such decisions necessary to implement changes to the Model Portfolios, or if applicable to reject any or all changes to a model strategy. Envestnet and Cadaret Grant retain the authority to terminate or change Model Providers and to remove or replace Other Investments from the UMA. Assets from a removed or modified model strategy can be automatically reallocated for investment among the other models currently held within a UMA. Envestnet is authorized to allocate assets from an unavailable Other Investment to cash except as otherwise directed by your IAR. This replacement process will be subject to the usual and customary settlement procedures and can have tax consequences.

Envestnet also provides optional overlay services for an additional fee related to specific client objectives that could include tax management, ESG or socially responsible screening, or other portfolio customization to be outlined on the Statement of Investment Selection.

Envestnet's Portfolio Consulting Group, Envestnet PMC™, is a Model Provider for the UMA. Envestnet PMC acts in the same capacity as other Model Providers and creates Model Portfolios based on its proprietary research.

Cadaret Grant and your IAR are responsible for gathering client information; selecting Model Providers and Sub-Managers, Model Portfolios, and Other Investments; and determining if one or more Model Portfolio(s) or Other Investments selected are suitable for the client. Envestnet can choose not to accept a UMA client in its sole discretion.

Fees

The fees for participation in Contour are based on an annual percentage of your Platform Assets. The Total Fee is comprised of three components: (a) the Program Fee, (b) the Advisory Fee, and, (c) if applicable, the Manager(s) Fee. The Manager Fee applies in the FSP, SMA and UMA, but no Manager Fee is included in the APM.

The Total Fee is calculated at the beginning of each calendar quarter based on the fair market value of your Platform Assets, including money market funds, interest and reinvested dividends in the account, on the last business day of the prior calendar quarter. Pershing determines fair market value for fee calculation purposes.

Fee Schedule

Total Fee = Advisory Fee + Program Fee + Manager Fee (if applicable)

Platform Assets	Maximum Allowable Advisory Fee	Program Fee			
		APM	FSP	SMA	UMA
First \$250,000	1.5%	0.20%	0.24%	0.26% - 0.28%	0.30%
Next \$250,000	1.5%	0.17%	0.22%	0.24% - 0.26%	0.28%
Next \$250,000	1.5%	0.15%	0.19%	0.19% - 0.23%	0.25%
Next \$250,000	1.5%	0.13%	0.17%	0.17% - 0.21%	0.23%
Next \$1,000,000	1.5%	0.10%	0.13%	0.13% - 0.16%	0.19%

Next \$3,000,000	1.5%	0.090%	0.10%	0.10%	0.14%
Assets above \$5,000,000	1.5%	0.070%	0.08%	0.08%	0.10%
Manager Fee		N/A	0.00% - 0.50%	0.00% - 0.75%	0.00% - 0.75%

Fees are automatically deducted from your account, or from any other billable account as directed by you, quarterly in advance and are noted on account statements sent to you by the custodian. The first payment is prorated based on the number of calendar days in the partial quarter. If you invest or withdraw \$10,000 or more in the account after the first day of a calendar quarter, a prorated fee or rebate is calculated on each eligible deposit or withdrawal with adjustments applied the subsequent month. If the account is terminated prior to the end of a calendar quarter, a pro rata portion of the Total Fee will be reimbursed to you.

If you have more than one Platform account, your accounts can be “household” for purposes of calculating the fee. A “household” is generally a group of accounts having the same address of record or same Social Security number. Individual Retirement Accounts (“IRAs”), SIMPLE IRAs and other personal retirement accounts generally can be combined for householding purposes; however, other retirement plan accounts subject to ERISA and charitable remainder trusts cannot be aggregated. You are responsible for verifying that the fee charged is accurate. Should you find an error, you should contact your IAR immediately. If you are not satisfied with the action your IAR takes, you may contact us at the number on the cover page of this brochure.

The Advisory Fee compensates your IAR for assisting in the design, implementation, and ongoing monitoring of your investment plan. The Advisory Fee is negotiated between you and your IAR but will not exceed 1.5%. The fee charged depends upon a number of factors including the amount of the assets under management, the nature and extent of other account relationships between you and your IAR, the nature and complexity of the model portfolios, and other factors that the IAR deems relevant. The fee you negotiate will be different than the fees your IAR negotiates with other clients or the fees other IARs negotiate with other clients for similar services.

The Program Fee includes execution, clearing, custody, and Cadaret Grant, Envestnet and Pershing fees. The Program Fee is assessed in each of the program options and is non-negotiable.

Manager Fees apply in the FSP, SMA and UMA. The Manager Fee in the SMA and UMA varies by the selected SMA Manager, Sub-Manager or Model Provider and ranges between 0.00% and 0.75% of your Platform Assets. In the UMA, if your account has more than one Model Provider or Sub-Manager, the effective Manager Fee will be a blend of all Model Providers’ and/or Sub-Managers’ fees weighted by the dollar amount invested in each Model Portfolio. SMA Managers or Model Providers who charge no, or a nominal fee are typically compensated by advisory fees from the propriety funds the SMA Managers or Model Providers include in their models. In the FSP, the Manager Fee ranges from 0% to 0.50% depending on the portfolio selected. Manager Fees are non-negotiable.

An additional charge of up to 10 basis points (0.10%) will be added to your program fee if you elect certain tax management services, ESG or socially responsible screening, or other portfolio customization described in the SIS. This charge is paid to the investment manager or the “overlay manager” that applies the tax screening to your investments.

The above Fee Schedule is based on the amount of money you invest in the Platform and is not dependent on the amount of trading in the account or the advice given in any particular time period. Transactions in accounts are executed for a single wrap fee, which reduces the potential conflict of interest associated with executing orders for accounts and earning transaction-based compensation in connection with each order. You should be aware that lower fees for comparable services could be available from other sources.

A \$10 mutual fund surcharge applies to purchases and redemptions of certain mutual funds that do not otherwise compensate Pershing for administration and operational accounting related to fund ownership. Neither Cadaret Grant nor your IAR retain any portion of the mutual fund surcharge. A list of applicable funds is available upon request.

Changes to Fees

The Advisory Fee component of the Total Fee can only be increased with your written consent. Advisory Fee changes after the first day of the calendar quarter will be effective on the next quarterly billing cycle and will not be prorated. Your IAR cannot negotiate or change the Program Fee or the Manager Fee. Cadaret Grant can change the Program Fee schedule at any time by giving prior written notice to you. Following the 30-day notice period, the new fee schedule will become effective unless you terminate the Contour Agreement. Your continued acceptance of the services will constitute consent to changes in the Total Fee, including an increase in the amount charged, if any.

Other Fees and Expenses

You will pay certain custodial fees and other ancillary charges within a Contour account. You are charged for specific account services, such as account transfer fees, electronic fund and wire transfer charges, checking fees and for other optional services elected by you on a per event basis. All such fees are subject to the pricing schedule set by Pershing and are shared between Pershing and Cadaret Grant. Your IAR receives no portion of such charges. The Total Fee does not cover individual retirement account (“IRA”) and tax-qualified retirement plan trustee or custodial fees and annual and termination fees for retirement accounts, if applicable.

You can elect to receive communications and documents from Pershing, including confirmations and statements, electronically by authorizing electronic delivery where indicated in your Account Information Form, or by completing an Electronic Communications Consent form. Unless you authorize electronic delivery, Pershing will deliver communications and documents to you via U.S. mail, for which there will be a charge.

Interest on all cash account delinquencies (Cash Due Interest) in your account is charged directly to your account at the then current rate. Transfer agent servicing fees, if any, are passed through to you and can vary based upon the transfer agent and position.

Brokerage and other transaction costs incurred in Contour accounts are included in the wrap fee except as described below under “Additional Fees for Trades Executed at Other Broker/Dealers” and mutual fund surcharges which apply to certain funds designated by Pershing.

Additional Fees for Collective Investment Vehicles

For accounts that contain collective investment vehicles (“Collective Investment Vehicles”), such as mutual funds and closed-end funds, unit investment trusts, exchange-traded funds or publicly traded real estate investment trusts, each Collective Investment Vehicle bears its own internal fees and expenses, such as fund operating expenses, management fees, redemption fees and other fees and expenses or other regulatory fees, as disclosed in the applicable prospectus, statement of additional information, or product description. None of these fees are shared with Cadaret Grant or your IAR. This compensation is in addition to the Total Fee resulting in increased costs to you.

Some mutual funds assess redemption fees to investors upon the short-term sale of its funds. Depending on the particular mutual fund, this can include sales for rebalancing purposes. Please see the prospectus for the specific mutual fund for detailed information regarding such fees. In addition, you can incur redemption fees, when the portfolio manager to an investment strategy determines that it is in your overall interest, in conjunction with the stated goals of the investment strategy, to divest from certain Collective Investment Vehicles prior to the expiration of the collective investment vehicle’s minimum holding period. Depending on the length of the redemption period, the particular investment strategy and/or market conditions, a portfolio manager may be able to minimize any redemption fees when, in the portfolio manager’s discretion, it is reasonable to allow you to remain invested in a Collective Investment Vehicle until expiration of the minimum holding period.

Compensation Related to Mutual Funds and Other Investments

Your IAR, in his/her separate capacity as a Cadaret Grant registered representative and acting in compliance with Cadaret Grant’s compliance policies and procedures, earns commissions from the sale of mutual funds, variable annuities, ETFs and other securities. After considering your overall needs and objectives along with your preferences, your IAR may recommend that you convert from a commission-based account to a fee-based account. To address the conflicts below, we have implemented the following policies:

- When Class A, B or C shares of mutual funds are transferred into your Contour account, additional mutual fund purchases within the advisory account will be made at net asset value (NAV) or in advisor or institutional share classes, which do not include 12b-1 fees. Such purchases will not result in your payment of a commission in addition to the annual advisory fee.

- Cadaret Grant will attempt to convert Class A, B and C share mutual fund holdings in an advisory account to advisor or institutional class shares where available. In the event a tax-free conversion is not available or does not occur, 12b-1 fees received in fee-based accounts will be credited to your account.
- Cadaret Grant will agree to hold at your request and for your convenience certain illiquid, thinly traded securities such as alternative investments (“unsupervised assets”) to assist you in avoiding additional custodial fees and account maintenance costs. Although some alternative investment products are offered net of commissions to clients who pay an ongoing asset-based advisory fee, your IAR will execute your alternative investment transaction as a registered representative and will receive and share in commissions, and depending on the selected share class, ongoing distribution fees. Cadaret Grant believes that alternative investments cannot be managed or administered on a fee-basis (due to their illiquidity, long-term holding period and inexact valuation); therefore, these unsupervised assets are permanently excluded from billing.
- Your IAR can agree, at your request, to hold certain assets in the Contour account such as previously acquired concentrated positions in a stock or bond, that you wish to liquidate over a period of time or hold to maturity. Such assets are being monitored but are excluded from billing.

Additional Fees for Trades Executed at Other Broker/Dealers

SMA Managers, Sub-Managers or Envestnet can elect to execute trades at broker/dealers other than Pershing for some or all of their transactions or investment styles. This is frequently referred to as “trading away” or “step out trades.” Clients who select such managers or participate in the SMA or UMA are subject to any transaction charges or other charges, including commissions, mark-ups, mark-downs, or other additional trading costs that can be imposed by the executing broker/dealer in addition to the Program Fee and the other fees described herein.

Fee Offset

You are entitled to a fee offset if your Contour account is funded with a deposit of one or more open end mutual funds, unit investment trusts, or proceeds from the sale of open end mutual funds or unit investment trusts, where Cadaret Grant was paid a sales charge in its capacity as a broker/dealer within one year of the initial billing date. The mutual fund fee offset varies depending on whether the mutual fund was subject to a front-end or a back-end sales charge. For mutual funds subject to a front-end sales charge, the fee offset is calculated using the number of shares multiplied by the closing price of the security on the day prior to the initial billing date multiplied by the annual Advisory Fee. For mutual funds subject to a back-end sales charge, the fee offset is equal to the amount of the back-end sales charge incurred: (1) upon liquidation of a mutual fund in your account; or (2) upon liquidation of a mutual fund within 60-days prior to the date the proceeds are transferred into your account. The unit investment trust fee offset is calculated in the same manner as the front-end load mutual fund fee offset. Fee offsets are spread equally over four calendar quarters.

Fee Information Applicable to Wrap Fee Accounts

A wrap fee pricing structure allows you to pay an all-inclusive fee for account management, brokerage, clearance and administrative services. A portion of the wrap fee is paid to your IAR, Cadaret Grant, Envestnet, Pershing and, if applicable, a SMA Manager, Sub-Manager, Strategist, or Model Provider(s) for their respective services. You should consider that, depending upon the level of the wrap fee charges, the amount of portfolio activity in your accounts, the value of services provided under the investment program, and other factors, the wrap fee could exceed the aggregate cost of services if they were to be provided separately.

The Advisory Fee portion of the Total Fee is shared between your IAR and Cadaret Grant. The fees earned could be more or less than what Cadaret Grant or your IAR might earn from other programs available in the financial services industry or if the services were purchased separately. Therefore, Cadaret Grant and your IAR have a financial incentive to recommend Contour to clients and prospective clients. However, compensation paid to IARs from the Total Fee does not vary depending upon the number of trades made in Contour accounts. We do not earn more if fewer trades are placed. This arrangement gives us no economic incentive to place either more or fewer trades in Contour accounts.

Item 5 – Account Requirements and Types of Clients

Account Requirements

The initial minimum account size for Contour program options is listed below.

Program	Minimum
Advisor as Portfolio Manager Program	\$25,000
Fund Strategist Portfolios	As low as \$2,000
Separately Managed Accounts	\$100,000
Unified Managed Accounts	\$100,000

The initial account minimum can, however, be waived at Cadaret Grant's discretion, taking into account various factors. Such factors include, but are not limited to, length of client relationship or combined values of other household/family member accounts.

In the SMA, should the SMA Manager require a higher minimum, the higher minimum will apply. In the UMA, the minimum account size for each model style is determined by the Model Provider or Sub-Manager.

Types of Clients

Cadaret Grant, through its IARs, offers investment advisory services to individuals, high net worth individuals, pension and profit-sharing plans, charitable organizations and corporations or other businesses. Our clients can have both fee-based advisory accounts and commission-based

brokerage accounts. Our representatives can offer clients advisory services, brokerage services, or both, depending on a client's preferences and needs.

Item 6 – Portfolio Manager Selection and Evaluation

Cadaret Grant does not utilize the services of any third-party money manager in the APM. In the APM, your IAR acts as portfolio manager and selects specific investments to implement an asset allocation model consistent with your investor profile, risk tolerance and investment objectives. IARs acting as portfolio managers generally do not have documented performance histories against which to measure. Therefore, IARs of Cadaret Grant are not subject to the same selection and review process that we use for SMA Managers, Sub-Managers, Strategists or Model Providers.

SMA Managers, Sub-Managers, Strategists and Model Providers

In the SMA and UMA, Envestnet makes available to Cadaret Grant investment managers with whom Envestnet has entered into agreements to act as SMA Managers or Sub-Managers with respect to the investment of clients' Platform Assets in managed securities portfolios, mutual fund portfolios, and exchange-traded fund portfolios. For certain investment advisors, including Strategists in FSP, Envestnet has entered into a licensing agreement with the investment advisor whereby Envestnet performs administrative and/or trading duties pursuant to the direction of the investment advisor. In this scenario, the investment advisor is acting in the role of a "Model Provider."

Envestnet has developed a program to collect and report data on investment style and philosophy, past performance and personnel of SMA Managers, Sub-Managers, and Model Providers that are designated as "approved." Envestnet's process for selecting, evaluating and monitoring approved SMA Managers, Sub-Managers and Model Providers is more fully described in Envestnet's Form ADV Brochure. Cadaret Grant leverages this process in making recommendations. Envestnet also makes available other managers for which Envestnet has not performed due diligence; Cadaret Grant makes those managers available based on due diligence conducted by the Managed Account Product Review Committee, a sub-committee of the Atria New Product Committee. This includes review of investment style and philosophy, past performance and personnel.

The Managed Account Product Review Committee is responsible for reviewing, selecting and monitoring SMA Managers, Sub-Managers and Model Providers. SMA Managers, Sub-Managers and Model Providers selected for participation are also subject to an annual review to determine if there are any material changes or disclosure events that will impact the quality of the SMA Manager's, Sub-Manager's, or Model Provider's performance of the services contemplated in the Program. In addition, the Managed Account Product Review Committee conducts periodic reviews of Envestnet.

Your IAR is responsible for initial SMA Manager and/or Model Provider selection based on the information you provide at the inception of the account along with your investor profile and results

of your RTQ. Your IAR is also responsible for monitoring the appropriateness of the selected SMA Manager(s), Sub-Manager(s), and/or Model Provider(s) in light of any changes in your financial condition, risk tolerance and investment objectives reported by you from time to time.

Performance Calculation

Cadaret Grant has engaged Envestnet to calculate investment performance and to provide reports to clients, subject to a minimum account value. Neither Cadaret Grant, nor any third party, reviews or verifies the accuracy of performance or its compliance with any presentation standards.

A quarterly custodial statement containing a description of all account activity is provided to you. Your IAR reviews overall performance of each account on a periodic basis in order to ensure that transactions are suitable based on your investment objectives, meet your quality expectations and comply with any investment restrictions requested by you.

Performance-Based Fees and Side-by-Side Management

Fees based on a share of capital gains or capital appreciation of assets of an advisory client are commonly referred to as “performance-based fees.” Cadaret Grant does not charge performance-based fees. We also do not engage in side-by-side management.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Your IAR will incorporate your needs and investment objectives as well as time horizon and risk tolerance when developing and selecting investment strategies. Your IAR is not bound by any specific methods of analysis or investment strategies for the management of model portfolios in the APM, but rather as previously stated, your IAR will consider your unique situation and all information gathered at the account inception, your RTQ or financial plan, as well as changes to your financial picture over time.

The primary sources of information used to conduct these types of analysis are reputable financial publications, research prepared by others, ratings services, press releases, annual reports, prospectuses and other filings with the SEC. The implementation of your IAR’s strategies varies based upon the individual client. Prior to investing, you should ensure that you understand and agree with the investment strategy used by the IAR.

Each client’s account is managed based on the client’s financial situation, investment objectives and instructions. The IAR works with the client to obtain sufficient information to provide individualized investment advice and is reasonably available to consult with the client on an ongoing basis. Clients are permitted to impose reasonable restrictions on the management of the account.

However, there is a possibility that by imposing restrictions, you may receive an asset allocation proposal that differs from the allocation your IAR would otherwise consider appropriate. Clients

who do not impose any restrictions are likely to receive asset allocation proposals that are similar to proposals presented to other clients with similar investment profiles.

Tax Implications

Tax implications are a critical component of any investment strategy. Therefore, depending on the strategy that you choose to implement, it is possible that any trading activity could result in a taxable event and lower investment returns. Certain SMA Managers in SMA and Model Providers in UMA and FSP employ tactical strategies that do not consider taxes, including the avoidance of wash sales, in the management of portfolios. Since investments could have tax or legal consequences, you should contact your tax professionals and attorneys to help answer questions about specific situations or needs.

Risk of Loss

Investing in any type of securities involves risk of loss that you should be prepared to bear. Cadaret Grant does not guarantee the performance of an account or any specific level of performance. Market values of the securities in the account will fluctuate with market conditions. When the account is liquidated, it could be worth more or less than the amount invested. The following are some types of risk that could affect the value of your portfolio:

- **Market risk:** The risk that changes in the overall market will have an adverse effect on individual securities, regardless of the issuer's circumstances.
- **Business risk:** Whether because of management or adverse circumstances, some businesses will inevitably fail. This is especially true during economic recessions. For example, a company stock can become worthless in the event of a bankruptcy, which would result in a loss of principal to shareholders.
- **Interest rate risk:** If the Federal Reserve raises interest rates, the market prices of bonds can be affected. When interest rates rise, the market prices of bonds typically fall.
- **Regulatory risk:** Legislative, regulatory and/or judicial changes that impact businesses can drastically change entire industries.
- **Industry/company risk:** These risks are associated with a particular industry or a specific company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, which is a lengthy process before they can generate a profit. They carry a higher risk of fluctuations in 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:** Certain investments lack liquidity or the ability to access their principal quickly, without incurring substantial penalties, or the inability to sell the investment until sometime in the future.
- **Inflation risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Opportunity risk:** A client or an IAR can choose a conservative product to invest in, which could cause the client to miss out on market upswings which potentially could have increased the value of securities with higher risk. The opposite is also true; market downturns could

cause a client to lose a significant amount of principal invested in higher risk securities, when his or her funds could have been invested in lower risk options.

- Reinvestment risk: There is a possibility you will be unable to make additional purchases of a security already in your portfolio at the same rate at which the original purchase was made.
- Currency or exchange rate risk: Foreign securities face the uncertainty that the value of either the foreign currency or the domestic currency will increase or decrease; either of which will cause the value of the client's portfolio to fluctuate.
- Exchange-Traded Funds: ETFs face market trading risks, including the potential lack of an active market for fund shares, losses from trading in the secondary markets, and disruption in the creation and redemption process of the ETF. Any of these factors can lead to liquidity risk and/or the fund's shares trading at a premium or discount to its "net asset value."
- Leveraged equity ETFs risk: The use of leverage by an ETF increases the risk to the portfolio. The more a portfolio invests in leveraged instruments, the more the leverage will magnify gains or losses on those investments. Due to the complexity and structure of these portfolios, they may not perform over time in direct or inverse correlation to their underlying index.
- Credit risk: The risk that an issuer of a fixed income security may fail to pay interest and/or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline. These risks are greater for securities that are rated below investment grade (junk bonds), which may be considered speculative and are more volatile than investment grade securities.
- Options risk: Holding options for long-term periods could weaken and/or reduce the value of the underlying stock or create the possibility of a worthless position.
- Global risk: International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Also, some overseas markets are not as politically and economically stable as the United States and other nations.

You should understand and be willing to accept these and other types of risks before choosing to invest in securities or receive investment advisory services.

Voting Client Securities

You authorize SMA Managers, Sub-Managers, or Envestnet in writing to exercise discretion in voting or otherwise acting on all matters for which a security holder vote, consent, election or similar action is solicited by, or with respect to, issuers of securities beneficially held as part of the Platform Assets in SMA or UMA accounts. For assets held in APM or FSP accounts, neither Cadaret Grant nor the IAR will exercise such authority and you expressly retain the authority. You reserve the right to revoke proxy voting authority at any time by providing written instruction.

Item 7 – Client Information Provided to Portfolio Managers

Information regarding your financial situation, investment objectives, risk tolerance, time horizon and other relevant factors as described by you, is gathered prior to opening an account and assists your IAR when recommending the most appropriate asset allocation

model(s) and strategies for you. You should notify your IAR promptly when changes to your financial situation, objectives, or other personal information occur, so that your IAR can adjust his or her management of your portfolio, if necessary. You can impose any reasonable restrictions on the management of the account. Each client is contacted at least annually to determine if any changes have occurred that will affect the ongoing suitability of the portfolio selected and to determine if any new restrictions should be imposed on the account.

Item 8 – Client Contact with Portfolio Managers

You are generally free to contact Cadaret Grant and your IAR at any time during normal business hours via telephone, facsimile, mail or email. In-person meetings should be scheduled in advance to ensure that your IAR is available. SMA Managers, Sub-Managers, Model Providers and third-party strategists used in the program are not generally available to discuss specific investment issues.

Item 9 – 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 the client's evaluation of Cadaret Grant or the integrity of Cadaret Grant's management.

Cadaret Grant is a broker/dealer in addition to its activities as a registered investment adviser. In connection with its broker/dealer business, Cadaret Grant has been the subject of certain regulatory actions, some of which Cadaret Grant has determined to be immaterial. Others are summarized below:

- In 2010, it was alleged that Cadaret Grant failed to provide eligible clients with appropriate discounts on both Unit Investment Trust (UIT) rollover and breakpoint purchases. The firm failed to identify, and appropriately apply, sales charge discounts in approximately 4.4% of the transactions reviewed in a sample of client purchases in certain top selling UITs. As a result, the firm overcharged certain clients. Upon discovery that the firm had been incorrectly interpreting the applicability of certain sales charge discounts, the firm conducted an analysis of all UIT transactions for a specific period of time. As a result of its review, the firm identified that clients were overcharged when purchasing UITs through the firm and remediated those clients as established by its Acceptance, Waiver and Consent. The firm failed to establish an effective supervisory system and written supervisory procedures reasonably designed to ensure that discounts were correctly applied on eligible UIT purchases. The firm did not have written policies and procedures that addressed UITs or informed registered representatives, trading personnel, or supervisors about the sales charge discounts associated with UITs. The firm relied on its trading desk to ensure that clients purchasing UITs received appropriate sales charge discounts, despite the fact that the firm failed to adequately train and inform trading personnel and their supervisors about such discounts. The firm had no supervisory review to

determine whether trading personnel were providing clients with appropriate sales charge discounts, either through periodic review or exception reports. The firm was unaware that its UIT trading desk had been misinterpreting certain rollover provisions described in UIT prospectuses. The trading desk only provided firm clients with a sales charge discount when proceeds from the termination an existing UIT investment were invested in a new UIT. The trading desk did not consider or apply a sales charge discount to UIT purchases funded with the proceeds from UIT redemptions, a discount these transactions were entitled to from the sponsors of most UITs sold by the firm. Additionally, the trading desk was unaware that some UITs offered breakpoints beginning at the \$25,000 investment level. The firm did not consider client UIT purchases at \$25,000 to be eligible for a volume discount. The firm did not provide adequate guidelines, instructions, policies, or steps for brokers, trading personnel, or supervisors to follow to determine if a client's UIT purchase qualified for and received a sales charge discount. The firm needed to be diligent in providing guidance to brokers, supervisors and trading personnel on UIT sales charge discounts to ensure that clients did not pay more than the appropriate sales charge. The firm sold UITs that imposed a deferred sales charge. This deferred sales charge was generally charged upon redemption, if a client sold a UIT before the deferred sales charges were imposed. In those UIT confirmations not issued directly by the UIT sponsor, the firm failed to ensure that clients' UIT purchase confirmation included the required legend, as set forth in NASD Rule 283(N), that "on selling your shares, you may pay a sales charge. For the charge and other fees, see the prospectus."

Without admitting or denying the findings, the firm consented to sanctions and findings. The firm was censured, fined \$125,000, and agreed to complete the following undertaking: Provide remediation to clients who purchased UITs and qualified for, but did not receive, the applicable sales charge discount. The firm submitted a proposed plan of how it identified and compensated clients who qualified for, but did not receive, the applicable UIT sales charge discount. At a minimum, the plan included the following provisions: the firm reviewed all client UIT purchases effected during the relevant period, regardless of dollar amount, to determine whether a client qualified for a breakpoint, rollover, or exchange discount; when determining a client's eligibility for a sales charge discount, the firm aggregated same-day purchases by a client, including related accounts, and UIT redemptions and terminations by a client within 30 days of a UIT purchase; and for each client who did not receive an appropriate sales charge discount of a UIT purchase, the firm determined the excess sales charge paid by the clients and calculated monies owed, plus interest calculated from the date of the purchase through the date that the overcharge is returned to the client at a rate set forth in section 6621(A)(2) of the Internal Revenue Code. FINRA reviewed the plan submitted by the firm and accepted it. The firm completed the remediation process within the 180 days from the notice date. Within 210 days of the notice date, the firm submitted to FINRA a schedule of all clients identified during the firm's review as having not received an appropriate sales charge discount. The schedule included details of the qualifying purchases and the appropriate discount and total dollar amounts of restitution provided to each client. In addition, within 210 days of the notice date, the firm submitted to FINRA a report that explained how the firm corrected its UIT systems

procedures, and the results of the firm's implementation of its plan to identify and compensate qualifying clients, including the amounts and manner of all restitution paid. For good cause shown, and upon receipt of a timely request from the firm, FINRA can extend any of the procedural dates listed above.

- State of Vermont Department of Banking, Insurance, Securities & Health Care Administration alleges that Cadaret Grant and a former office of supervisory jurisdiction ("OSJ") failed to supervise reasonably a former registered representative and that the registered representative committed a violation of the Vermont Uniform Securities Act.

This action has been disposed of as of June 17, 2011. The matter was disposed of by an administrative consent order between the regulator and Cadaret Grant under which Cadaret Grant neither admitted nor denied the findings of fact. The regulator's findings included facts stating that a former registered representative of the Cadaret Grant failed to collect suitability information regarding certain variable annuity products and failed to use appropriate letterhead and e-mail address on her correspondence. In addition, the office of supervisory jurisdiction ("OSJ") responsible for this agent was found by the regulator to have failed to adequately supervise the agent. The regulator further found that no persons were harmed by the agent's actions, Cadaret Grant terminated its affiliation with the agent and the OSJ, Cadaret Grant has amended its supervisory procedures, Cadaret Grant had no record of discipline with the regulator in over thirty (30) years of doing business in that state and Cadaret Grant cooperated fully with the regulator.

- FINRA found that Cadaret Grant violated securities exchange act rule 17a-4, FINRA rule 2010, NASD rules 2110, 2310, 2821(b), 2821 (c), 2821(d), 3010, 3110. FINRA found that Cadaret Grant, acting through one of its registered representatives recommended several variable annuity transactions to some elderly clients that were unsuitable due to a recommended enhanced death benefit rider that the representative did not have a reasonable basis to believe that the clients needed or would benefit from. FINRA found that Cadaret Grant failed to adequately respond to red flags concerning the representative's variable annuity sales. FINRA found that Cadaret Grant failed to have adequate systems and procedures to review variable annuity sales. FINRA also found that Cadaret Grant failed to enforce its policies and failed to retain business emails for some of its representatives.

Cadaret Grant was censured and fined \$200,000 and agreed, within 90 days of the acceptance, waiver and consent, to provide written notice to each of the living clients offering to rescind the purchase of each of the variable annuities by offering to rebate to each of the affected living clients the purchase price of his or her original investment, interest and any applicable surrender charge (except to the extent such surrender charges already have been paid by the firm), less the amount of any income received on or withdrawals from the variable annuities. In order to accept the offer of rescission, the client will be required to surrender the annuity pursuant to a surrender form, which will direct the carrier to send the proceeds to the firm.

In the event that any living client has already surrendered the variable annuity, Cadaret Grant shall offer that client reimbursement of the surrender charges conditioned on Cadaret Grant being provided satisfactory proof that the annuity

was surrendered and surrender charges were incurred. Cadaret Grant further consents to undertake a comprehensive review of its policies and procedures concerning suitability of variable annuities and, within 90 days of notice of acceptance, the director of compliance must certify in writing to FINRA that (1) the firm has engaged in a comprehensive review of its policies and procedure concerning the suitability of variable annuities; and (2) as of the date of the certification, the firm has in place sufficient written policies and procedures designed to ensure compliance with its suitability obligation pertaining to variable annuities.

- In 2015, FINRA found that Cadaret Grant, as a broker/dealer, failed to establish and maintain a supervisory system reasonable designed to supervise variable annuity surrenders recommended or processed by the firm's registered representatives where the surrenders were not part of an exchange or replacement done through the firm.

FINRA found the firm in violation of NASD rule 3010 and FINRA rules 3110, 2010 and 4511. Without admitting or denying the allegation the firm agreed to a censure and fine of \$75,000 and to make restitution in the amount of \$236,242 plus interest.

- In 2015 the firm concluded an examination by the U.S. Department of Labor (DOL). As a result of the examination the DOL required Cadaret Grant, as a registered investment advisor, to amend disclosure language in the firm's investment advisory agreements and disclosure documents with regard the firm's receipt of 12b-1 fees for certain mutual funds held in accounts of ERISA retirement plans. The affected accounts were held at Pershing LLC in the firm's TIMS I and TIMS II program.

The DOL required Cadaret Grant to refund 12b-1 fees received for ERISA plan retirement account during the period July 2006 through July 2012 totaling \$271,036.32.

- On August 1, 2017, Cadaret Grant consented to the entry of an Order Instituting Administrative and Cease-and-Desist Proceedings ("Order") by the U.S. Securities and Exchange Commission (the "SEC"). The Order focuses on aspects of our fee-based advisory business during the period of 2011 to 2016 as it pertains to mutual fund share class selection and our policy concerning the refund of prepaid advisory fees. In summary, the SEC found that Cadaret Grant invested advisory clients in mutual fund share classes with 12b-1 fees where lower-fee share classes of the same mutual funds were available without 12b-1 fees. Similarly, the SEC found that Cadaret Grant received marketing support payments from two mutual fund complexes when Cadaret Grant invested its advisory clients in mutual fund share classes that charged 12b-1 fees but would not pay such fees when Cadaret Grant invested them in lower-fee share classes that did not charge such fees. The SEC found that the financial incentives for Cadaret Grant to place advisory clients in higher fee share classes presented conflicts of interest that should have been disclosed to clients and that the practice of investing clients in mutual fund share classes with 12b-1 fees rather than lower-fee share classes without 12b-1 fees was inconsistent with Cadaret Grant's duty to seek best execution. The SEC also concluded that Cadaret Grant failed to adopt written compliance policies or procedures governing mutual fund share class selection. Finally, the SEC concluded that Cadaret Grant failed to refund prepaid advisory fees to clients who terminated their

relationship with the Firm before Cadaret Grant earned all of the prepaid fees.

Without admitting or denying the SEC's findings, Cadaret Grant agreed to a censure and to cease and desist from committing or causing any violations and any future violations of Sections 206(2), 206(4) and 207 of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder. Cadaret Grant agreed to pay disgorgement of \$2,591,000, prejudgment interest of \$177,000, and a civil penalty of \$280,000, with the total amount of \$3,048,000 to be distributed to the applicable past and present advisory clients affected by the conduct highlighted in the Order. To address the issues presented in the Order, the Firm has implemented new policies and procedures relating to mutual fund share class selection

designed to expand the number of lower cost share classes available to advisory clients, provide additional training on share class selection, move its existing advisory clients into lower cost share classes that do not charge 12b-1 fees, prohibit its Investment Advisory Representatives ("IARs") from prospectively investing advisory clients in mutual fund share classes that charge 12b-1 fees, and, to the extent that advisory clients are invested in mutual fund share classes that charge 12b-1 fees on a going forward basis, require the rebate of all 12b-1 fees to such clients. Cadaret Grant has also enhanced its Form ADV disclosures. In addition, the Firm has enhanced its policies and procedures to ensure that all advisory clients are provided with a prorated refund of any unearned, pre-paid quarterly account fees based upon the number of days remaining in the calendar quarter after the account termination date.

- In September 2018, FINRA found that Cadaret Grant as a broker/dealer failed to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with securities laws, regulations, and pertinent rules. From August 2012 through May 2017, Cadaret Grant failed to establish such a reasonably designed supervisory system with respect to numerous areas of its business. FINRA further noted that the Firm's supervisory deficiencies stemmed from its failure to devote sufficient resources to the supervision of the Firm's personnel. FINRA specifically noted a failure to implement a system reasonably designed to:
 - Detect unsuitable securities recommendations;
 - Supervise variable annuity recommendations & exchanges;
 - Supervise consolidated reports;
 - Retain emails.

FINRA found the firm in violation of NASD Rule 3010 and FINRA Rules 3110 and 2010. FINRA found that Cadaret Grant, did not employ enough supervising principals. The firm also per FINRA, did not provide supervising principals with sufficient tools or exception reports designed to identify patterns of potentially unsuitable trading. FINRA additionally alleged that trade volume made it impossible for supervising principals to manually review trade blotters to detect potentially unsuitable transactions. As a result, the firm was also cited by FINRA for failing to review the majority of the firm's transactions. FINRA also cited the firm for having an insufficient number of compliance examiners to fulfill the supervisory procedures requiring periodic branch office inspections. As a result, FINRA alleged that the branch inspections were conducted in a manner not reasonably designed to identify violative activity. FINRA noted the firm also allowed representatives until July 2016 to prepare

and issue consolidated reports using programs and applications of their own choosing. FINRA noted that this former practice could allow a representative to manually enter a customer's securities positions and values on the report without the appropriate level of supervision. During the period of August 2012 through August 2016, FINRA noted that the firm failed to take steps to retain and review emails of 70 registered representatives who disclosed to the firm that they used personal email addresses during the period for Firm business.

FINRA found the firm in violation of NASD Rule 3010, 3110, 4511 and 2010. FINRA also cited a violation of Section 17(a) of the Exchange Act and Rule 17a-4. The Firm consented to a censure, a fine of \$800,000 and the requirement to retain an independent consultant within 30 days of the AWC to conduct a review of the adequacy of the Firm's policies, systems and procedures, staffing and training related to the violations. Within the 90 days after delivery of the consultant's report and recommendations are received, Cadaret Grant shall in writing, advise the Independent Consultant and FINRA staff of any recommendations that it considers unnecessary, unduly burdensome or impractical. Cadaret Grant can propose an alternative policy, procedure or system designed to achieve the same objective or purpose.

- On September 11, 2018, the Securities and Exchange Commission ("Commission") instituted cease & desist proceedings against Cadaret Grant, two of the firm's supervisory officers ("supervisory respondents") and against a specific registered representative. The Commission proceedings arose out of the failure by Cadaret Grant and the supervisory respondents to reasonably supervise Cadaret Grant's registered representatives with respect to their recommendations that customers buy and hold leveraged and inverse exchange traded funds and exchange traded notes between January 2015 and December 2016. During the time frame noted, certain Cadaret Grant registered representatives recommended that customers buy and hold a security called VelocityShares 3X Long Crude Oil ETN ("UTWI"), which is a complex exchange traded note ("ETN") that offered exposure to an index comprised of crude oil futures contracts and provides triple leverage. During the same time frame, Cadaret Grant's policies stated that registered representatives generally should not recommend non-traditional ETPs like UWTI for long or intermediate investment periods and that representatives should receive training and complete other requirements before recommending non-traditional ETPs to customers.

The Securities Exchange Commission initiated a Civil and Administrative Penalty/fine against Cadaret Grant, the supervisory respondents, and a specific registered representative for willfully violating Section 206(4) and Rule 206(4)-7 under the Advisers Act. The Commission noted that as of January 2015, Cadaret Grant and the supervisory respondents failed to:

- Establish and implement a reasonable supervisory system for determining whether representatives had a reasonable basis for recommending that investors buy and hold non-traditional ETPs;
- Provide adequate training to representatives concerning non-traditional ETPs so that they could form a reasonable basis for recommendations; and,
- Implement Cadaret, Grant's specific policies and procedures pertaining to representatives' recommendations to brokerage customers involving

nontraditional ETPs and devote adequate resources to supervising representatives.

- Adopt and implement policies and procedures designed to prevent unsuitable sales of non-traditional ETPs by investment advisory representatives to investment advisory clients in light of their investment objectives and financial condition.

The supervisory respondents accepted the Commission's undertaking which included fines of \$100,000 and \$75,000 respectively, and a 12-month suspension from acting in any supervisory capacity until 9/11/2019. The Cadaret, Grant representative was also censured and fined \$250,000.

- On June 28, 2019, Cadaret Grant addressed a letter to the Pennsylvania Department of Banking and Securities ("Department") disclosing the results of a recent internal review that discovered that one or more of its registered representatives did not carry the required investment advisory registration in the State of Pennsylvania. The letter requested a waiver from the Series 65/66 examination requirements for these representatives.

Consistent with our internal review, the Department concluded that Cadaret Grant was in violation of the Pennsylvania Securities Act of 1972 and imposed a fine of \$90,000. The Firm has since enhanced its processes and procedures to mitigate the risk of future lapses. In addition, the Department granted a waiver from the examination requirements for the representatives in issue.

Cadaret Grant, as a broker/dealer, is regulated by each of the 50 states and has been subject to orders related to the violation of certain state laws and regulations in connection with its brokerage activities. For more information about these state events and other disciplinary and legal events involving Cadaret Grant and its IARs, clients should refer to Investment Adviser Public Disclosure at www.adviserinfo.sec.gov or FINRA BrokerCheck® at <https://brokercheck.finra.org>.

Other Financial Industry Activities and Affiliations

Cadaret Grant is registered as a broker/dealer and as an investment adviser with the SEC. Cadaret Grant is a member of FINRA and the Securities Investor Protection Corporation ("SIPC"). Cadaret Grant is affiliated with Capital Strategy Group Ltd., an SEC registered investment adviser, and Cadaret, Grant Agency, an insurance agency.

As an indirect wholly owned subsidiary of Atria, Cadaret Grant is also affiliated with NEXT Financial Group, a broker/dealer, SEC registered investment adviser, and insurance agency. Cadaret Grant is also affiliated with NEXT Financial Insurance, an insurance agency Atria also owns CUSO Financial Services, LP, a broker/dealer and SEC registered investment adviser, CFS Insurance and Technology Services, LLC, an insurance agency, and Sorrento Pacific Financial, LLC, a broker/dealer, SEC registered investment adviser and insurance agency.

Conflicts of Interest as a Broker/Dealer and Insurance Agency

Cadaret Grant is dually registered as both a broker/dealer and as a registered investment adviser. Each IAR is an independent contractor registered representative with Cadaret Grant. This creates a conflict of interest because an IAR is able to choose between offering a client advisory

fee-based programs and services and/or commission-based products and services. To mitigate this conflict, Cadaret Grant requires that any advisory program or service that a client is offered is suitable for the client's investment goals and financial needs.

You can participate in Pershing's LoanAdvance program which is a securities-based line-of-credit that can be used for most personal, consumer or business needs. In LoanAdvance, a client pledges eligible securities in his or her advisory account as collateral to secure the non-purpose loan. The client is charged a rate of interest that is a floating rate not to exceed 3 percentage points above the Prime Rate as published in *The Wall Street Journal*. The amount by which the interest rate is marked up over the Prime Rate, if any, is shared by Pershing with Cadaret Grant and our IARs. This results in additional compensation in connection with a client's advisory account. Trading is permissible in the advisory account that is pledged for the loan; however, the collateral must meet Pershing's LoanAdvance maintenance requirement to support the loan.

If you purchase securities that result in the payment of commissions through Cadaret Grant in its capacity as a broker/dealer, while at the same time the client receives asset management services, your IAR receives a fee for such services through Cadaret Grant in its capacity as a registered investment adviser. This creates a conflict of interest, and clients should clarify the capacity through which individual products or services are offered, and the type of compensation that is paid to Cadaret Grant and your IAR. It is important to note that when acting as a broker/dealer, neither Cadaret Grant nor its IARs owe you a fiduciary duty.

A client who receives advisory or consulting services from an IAR can purchase securities through Cadaret Grant, or insurance products offered through Cadaret, Grant Agency. IARs receive commissions, markups or markdowns as registered representatives or insurance agents in connection with such transactions. Additionally, the individuals who are responsible for the immediate supervision of IARs can receive a portion of those commissions as an override to compensate them for their supervisory services. Clients are under no obligation to purchase products or services recommended by an IAR or through an IAR or otherwise through Cadaret Grant or its affiliates. Clients are free to implement recommendations through any broker/dealer or advisory firm. If a client requests that an IAR recommend a broker/dealer, the IAR will recommend Cadaret Grant; however, the client is under no obligation to effect transactions through us.

IRA Rollover Considerations

If you are a participant in an employer-sponsored retirement plan such as a 401(k) plan, and decide to roll assets out of the plan into Contour, Cadaret Grant and your IAR have a financial incentive to recommend that you invest those assets in Contour, because Cadaret Grant and your IAR will be paid on those assets, for example, through advisory fees. You should be aware that such fees likely will be higher than those a participant pays through a plan, and there can be maintenance and other miscellaneous fees.

Plan participants are under no obligation to roll their retirement assets over to an IRA with Cadaret Grant and should carefully consider all relevant factors, such as penalty-free withdrawals starting

as early as age 55, whether loans are permitted, legal protections, required minimum distributions, fees and expenses, service levels, available investment options, employer stock considerations and state taxes. Cadaret Grant asks clients considering a rollover to complete Cadaret Grant's Retirement Plan Rollover Disclosure Form documenting the rationale for the rollover decision and disclosing important information and considerations in connection with the rollover.

Conflicts of Interest with Independent Registered Investment Advisers

In addition to or in lieu of their registrations as IARs of Cadaret Grant, certain IARs own their own registered independent investment advisory firms (an "Independent RIA"). An Independent RIA owner can have three different but concurrent roles:

- As a registered representative with Cadaret Grant who receives commissions for recommending securities;
- As an IAR of Cadaret Grant who receives a fee for rendering advisory services on behalf of Cadaret Grant; and/or
- As an IAR of an Independent RIA who offers services outside of Cadaret Grant.

You should be aware that the receipt of additional compensation while acting in concurrent roles creates a conflict of interest and impairs the objectivity of these IARs when making advisory recommendations.

If your IAR is associated with an Independent RIA firm, this will be disclosed on your IAR's Part 2B of Form ADV. Depending on the terms negotiated, your IAR can retain a higher percentage of the advisory fee for services provided through an Independent RIA than would be retained when services are provided through Cadaret Grant. You should ask your IAR if purchasing services through an Independent RIA would result in increased costs to you. You are not obligated to purchase recommended investment products from our IARs or their Independent RIAs.

Conflicts of Interest with Affiliated Insurance Agency

Cadaret Grant is affiliated with Cadaret, Grant Agency, a licensed insurance agency. IARs, in their capacity as insurance agents with Cadaret, Grant Agency or as independent insurance agents, can effect transactions in insurance products for clients and earn commissions for these activities.

The fees paid to Cadaret Grant for advisory services are separate and distinct from the insurance commissions earned by Cadaret, Grant Agency and/or its insurance agents. Clients are under no obligation to use Cadaret, Grant Agency and/or its insurance agents for insurance services and can use the insurance agency and agent of their choosing.

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

Cadaret Grant has adopted a Code of Ethics ("Code") which sets forth standards of business conduct, which all associated persons of Cadaret Grant are required to follow. The Code also describes certain reporting requirements with which covered persons must comply. The Code

includes provisions relating to the confidentiality of client information, insider trading, gifts and entertainment, and personal securities trading, among other things.

Cadaret Grant's clients or prospective clients can request a copy of Cadaret Grant's Code by contacting us using the contact information on the cover page of this Brochure.

IARs will often invest in the same securities recommended to clients. Generally, these securities are shares of open-end mutual funds or stocks and bonds actively traded on a national securities exchange or market where the time and size of the transactions will not affect purchases or sales for clients. They can also make purchases for their own accounts at or about the same time as the purchases/sales are made in client accounts. Orders for clients and orders for IARs' own accounts are sometimes aggregated in "block trades" or aggregated orders. Aggregated orders can achieve better execution for all participating accounts and those advantages will be fairly allocated among participating accounts.

IARs can hold positions in securities held or recommended to clients but are not allowed to front-run or otherwise benefit from these positions. Internal procedures have been instituted to ensure that the client is treated fairly in execution of all trades.

To avoid conflicts of interest, Cadaret Grant IARs are prohibited from buying or selling securities for their personal accounts where their decision is substantially derived, in whole or in part, by reason of their employment unless the information is also available to the investing public on reasonable inquiry. No IAR may place their own interests over those of the client. Further, all IARs must comply with all applicable federal and state regulations governing registered investment advisers.

Brokerage Practices

Cadaret Grant has no brokerage soft dollar arrangements and receives no benefits or research in exchange for executions.

Cadaret Grant utilizes Pershing to execute transactions in Contour accounts and to custody Platform assets. Transactions executed through Pershing are subject to our duty to obtain "best execution", i.e., a price that is as favorable as possible under the prevailing market conditions. 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/dealers' services, including commission rates, prompt, reliable execution, execution capabilities (including block positioning), financial stability, ability to maintain confidentiality, delivery, and ability to obtain best execution. To assist in evaluating the quality of Pershing's equity executions, Cadaret Grant engages the services of a third-party vendor who monitors Pershing's equity executions for quality and helps us identify transactions that are eligible for price improvement. While Cadaret Grant makes every effort to obtain the best execution possible, because we execute only through Pershing, there is no assurance that best execution will be obtained.

Contour accounts are managed based on model portfolio strategies. One or more clients can be assigned to the same model portfolio, based on their investment objective and risk profile. Aggregate orders in a block trade are typically executed when models are rebalanced or if one or more securities are added or removed from a model. Transactions can, however, be executed independent of transactions for other clients. An IAR must reasonably believe that a block order is consistent with Cadaret Grant's duty to seek best execution and will benefit each client participating in an aggregated order. The average price per share of a block trade is allocated to each account that participates in the block trade.

In SMA and UMA, SMA Managers, Sub-Managers, or Envestnet, as Overlay Manager, can elect to execute trades at broker/dealers other than Pershing for some or all of their transactions or investment styles. This is frequently referred to as "trading away" or "step out trades." Clients who select such managers in the SMA or UMA will be subject to transaction charges or other charges, including commissions, mark-ups, mark-downs, or other additional trading costs that can be imposed by the executing broker/dealer. You should refer to the applicable SMA Manager's, Sub-Manager's or Envestnet's Form ADV Part 2A for additional information.

Custody

Cadaret Grant has limited custody of our clients' funds or/and securities when clients authorize us to deduct our management fees directly from their client's account. Cadaret Grant is also deemed to have custody of a client's funds and/or securities when a client has on file a standing letter of authorization ("SLOA") with the account custodian to move money from the client's account to a third-party and the SLOA authorizes us to designate, based on your instructions from time to time, the amount or timing of the transfers. The SEC has set forth a set of procedural safeguards intended to alleviate a firm being held to the full requirements of the SEC's Custody Rule under these circumstances, which we follow.

Cadaret Grant has an arrangement with Pershing to provide clearance and custody of Contour accounts. Pershing: (a) maintains custody of all account assets, (b) executes and performs clearance of purchase and sale orders in accounts, and (c) performs all custodial functions customarily performed with respect to securities brokerage accounts, including but not limited to the crediting of interest and dividends on account assets. Pershing will forward client account statements as well as confirmation of each purchase and sale to you. You can contractually agree to receive transaction information in your monthly statements in lieu of transaction confirmations, except in the APM where confirmation suppression is not an option. Pershing acts as the general administrator of each account, which includes collecting account fees on Cadaret Grant's behalf and processing, pursuant to Cadaret Grant's instructions, deposits to and withdrawals from the account. Pershing does not assist clients in selecting Cadaret Grant or any investment objective or in determining suitability. You retain ownership of all cash, securities and other instruments in the account.

You should receive at least quarterly statements from Pershing. Cadaret Grant urges you to compare the holdings listed on the custodian's statement to those listed on reports Cadaret Grant or your IAR may provide. If you have a question about a discrepancy, you should direct it to your

IAR. If the IAR is unable to adequately address your concern, you should contact Cadaret Grant at the phone number on the cover page of this Brochure.

Review of Accounts

Each IAR monitors his or her client accounts and conducts a review of accounts periodically. Factors that could result in additional reviews include, but are not limited to, significant market corrections, large deposits or withdrawals from an account, substantial changes in the value of a client's portfolio, or a change in the client's investment objectives or life circumstances.

In addition to the account reviews conducted by IARs, transactions in APM accounts are subject to review by the IAR's designated supervisor through an alert-based electronic transaction review system. IARs are also subject to Cadaret Grant's branch office examination program where a sampling of accounts and/or transactions are reviewed by the examiner.

On a periodic basis, clients participating in Cadaret Grant's wrap fee programs are sent a performance report. Pershing also sends account statements to you on a monthly or quarterly basis. Although the information we provide in the performance reports is obtained from sources believed to be reliable, we urge you to compare the holdings listed on the custodian's statement to those listed on reports Cadaret Grant or your IAR provide. You should carefully review all statements and performance reports. If any discrepancies are noted, you should contact us at the number on the cover page of this Brochure.

Client Referrals and Other Compensation

Cadaret Grant Compensation to IAR

Your IAR recommending Contour receives compensation from Cadaret Grant. Cadaret Grant compensates its IARs pursuant to an independent contractor agreement, and not as an employee. This compensation includes a portion of the advisory fee, which may be more or less than what your IAR would receive at another advisory firm. Such compensation includes other types of compensation, such as bonuses, awards or other items of value offered by Cadaret Grant. Cadaret Grant pays its IARs in different ways, for example:

- Reimbursement or credit of fees IARs pay to Cadaret Grant for technology services;
- Free or reduced-cost marketing materials;
- Payments in connection with the transition of association from another broker/dealer or investment advisor firm to Cadaret Grant;
- Payments in the form of repayable or forgivable loans; and
- Attendance at Cadaret Grant conferences and events.

Cadaret Grant pays its IARs this compensation based on the IAR's overall business production and on the amount of assets on Cadaret Grant's advisory platforms, including Contour.

Cadaret Grant also provides various benefits and/or payments to IARs that are newly associated with Cadaret Grant to assist the IAR with the costs (including missed revenues during account

transition) associated with transitioning his or her business to Cadaret Grant (referred to as “Transition Assistance”). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not limited to, providing working capital to assist in funding the IAR’s business, offsetting account transfer fees payable to the custodian as a result of the IAR’s clients transitioning to Cadaret Grant’s platforms, technology set-up fees, marketing, mailing and stationery costs, registration and licensing fees, moving and office space expenses, staffing support and termination fees associated with moving accounts. Cadaret Grant does not verify that any payments made are used for such transition costs.

The amount of the Transition Assistance payments is based on a percentage of the overall revenue earned or compensation received by the IAR at his or her prior firm. These payments are generally paid by Cadaret Grant or forgiven by Cadaret Grant based on years of service with Cadaret Grant (e.g., if the IAR remains with Cadaret Grant for 5 years) and/or the scope of business engaged in with Cadaret Grant, including the amount of advisory account assets with Cadaret Grant.

The receipt of Transition Assistance creates a conflict of interest in that an IAR has a financial incentive to recommend that a client open and maintain an account with the IAR and Cadaret Grant for advisory and/or commission-based accounts in order to receive the Transition Assistance benefit or payment. Cadaret Grant and its IARs attempt to mitigate these conflicts of interest by assessing and recommending that clients use Cadaret Grant’s services based on the benefits that such services provide to clients, rather than the Transition Assistance earned by any particular IAR. However, you should be aware of this conflict and take it into consideration in deciding whether to establish or maintain a relationship with Cadaret Grant and your IAR.

Revenue Sharing

Cadaret Grant earns fees when we invest your account assets or recommend that you invest in certain mutual funds (including money market funds) and ETFs. These fees are called “revenue sharing.” Mutual fund and ETF sponsors and third-party money managers (“Partners”) pay these fees to Cadaret Grant in what we call the Partners Program. Partners pay different amounts of revenue sharing fees and receive different levels of benefits for their payments. We do not share revenue sharing fees with our IARs. An IAR’s compensation is the same regardless of whether a sale involves a Partner’s product or service.

The payments made under our Partners Program are calculated based either on gross sales or assets under management, or on a flat fee arrangement, and vary by Partner. The benefits Partners receive include our IAR contact lists and business metrics, preferred placement on our website, participation in product training initiatives and marketing and sales campaigns, and the ability to participate in our conferences.

We use the revenue from our Partners to support certain marketing, training, and educational initiatives including our annual National Educational Conference. The conference provides a venue to communicate new products and services to our registered representatives and IARs, to offer training to them and their support staff, and to keep them abreast of regulatory requirements.

The revenue is also used to pay for annual awards for our registered representatives and IARs who generate the most revenue overall and to pay for our general marketing expenses. A Cadaret Grant registered representative or IAR who earns total compensation over a threshold amount receives an award, in the form of a trophy, medal, or plaque, and is invited to attend Cadaret Grant's top producer conference. Revenue from Partners helps to pay for top producer conference costs. Top producing Cadaret Grant registered representatives and IARs receive an award based on total sales, including sales of Partners' mutual funds and ETFs.

We prepare and make available to our IARs a quarterly list of Partners' mutual funds and ETFs that have been screened for investment performance against other Partners' funds with similar objectives and asset classes (the "Select Fund List" or "List"). Cadaret Grant and our IARs have a conflict of interest when an IAR chooses or recommends an investment from the Select Fund List for your portfolio because Cadaret Grant receives revenue sharing fees from the mutual fund or ETF sponsor. Our receipt of revenue sharing fees influences our selection of mutual funds and ETFs, as we are likely to recommend a fund or ETF whose sponsor pays us revenue sharing fees over a fund or ETF whose sponsor does not pay us.

You do not pay more to purchase funds from the List through Cadaret Grant than you would pay to purchase these funds through another broker-dealer, and your IAR does not receive additional compensation for selecting a fund from the List. IARs are not required to choose or recommend investments from the Select Fund List.

To see Cadaret Grant's Third-Party Fee Disclosure, which identifies the participants in the Partners Program, please visit the Disclosures section of our website at www.cadaretgrant.com/disclosures.

Pershing Clearing Relationship

Pershing is the clearing firm for Cadaret Grant's brokerage business and is the custodian for Cadaret Grant's TIMS and Contour accounts. Pershing earns fees from clients and third parties and shares some of them with Cadaret Grant. Our IARs do not receive any part of these fees.

When Pershing is the custodian of your account, it automatically moves (sweeps) the cash in your account into money market funds and/or FDIC insured bank deposit accounts. You and your IAR select the money market fund or bank deposit account. Pershing retains some of the interest paid on the bank deposit account, or shareholder servicing fees paid on the money market fund and pays a portion of that to Cadaret Grant. These payments are called "distribution assistance" and they vary based on the bank deposit account or money market fund you select. Cadaret Grant does not determine the interest rates paid on bank deposit accounts or shareholder servicing fees paid on money market funds, or the amount or percentage of distribution payments that we receive. When interest rates are low, or in the event of a regulatory change, Pershing reserves the right to reduce or discontinue its distribution assistance payments to Cadaret Grant.

Our receipt of distribution assistance payments creates a conflict of interest because Cadaret Grant has an incentive to recommend or make available money market funds and FDIC insured

bank deposit accounts with higher distribution assistance payments over those with lower or no payments. We mitigate this conflict through disclosure in this Brochure. We do not share distribution assistance payments with IARs.

Pershing also pays fees to Cadaret Grant, or shares fees it earns with Cadaret Grant, for the following items:

- Transition assistance in the form of reimbursement of IRA termination fees of up to \$165 per account for a retirement account transferred to Pershing and up to \$125 per retail account for retail accounts transferred to Pershing;
- A growth assistance credit for seven years to support, service, and grow brokerage assets on the Pershing platform;
- A portion of certain brokerage account services and custodial fees charged to customer accounts that exceeds the amount that we are required to pay Pershing for such services, including account transfer fees, IRA custodial and termination fees, paper confirm and statement fees, inactive (custodial) account fees, retirement account maintenance fees, and margin interest; and
- A portion of shareholder servicing fees from certain mutual fund sponsors as part of their FundVest® FOCUS program. We also receive other fees in connection with the FundVest FOCUS program, as described below.

In the FundVest FOCUS program, Cadaret Grant is eligible to receive through a contractual agreement, 100% of Rule 12b-1 fees, and for participating funds that do not pay Rule 12b-1 fees, up to 50% of FundVest service fees for FundVest assets over a threshold amount that are held in the aggregate in client's brokerage and advisory accounts. We credit all Rule 12b-1 fees we receive to a client's advisory accounts. Our receipt of a portion of the FundVest funds' service fees creates a conflict of interest because we have an incentive to invest your assets or to recommend that you purchase or hold these mutual funds that pay fees to Cadaret Grant over other funds that do not pay these fees. We mitigate this conflict through disclosure in this Brochure. Cadaret Grant does not share these fees with IARs.

Most FundVest funds have higher internal expenses than funds that are not in the FundVest program, and the share classes of funds in the program have higher internal expenses than share classes not in the program. The higher internal expenses will reduce the long-term performance of an account when compared to an account that holds lower-cost share classes of the same fund. Clients should ask whether lower-cost share classes are available and/or appropriate for their account considering their expected investment holding periods, amounts invested, and anticipated trading frequency. FundVest funds held less than six months are also subject to a short-term redemption fee of \$50 which will be charged to your account. Further information regarding mutual fund fees and charges is available in the applicable mutual fund prospectus. For a list of funds participating in the FundVest program, please contact us using the contact information provided on the cover page of this Brochure. Pershing, in its sole discretion, may add or remove mutual funds from the FundVest program or may terminate the FundVest program without prior notice.

Solicitation Activities

From time to time, Cadaret Grant enters into solicitation agreements with individuals or entities whereby investment advisory accounts are solicited by Cadaret Grant and referred to another state-registered or SEC-registered investment adviser. In these situations, Cadaret Grant is compensated for the referral activity.

Financial Information

Cadaret Grant is not required to include a balance sheet in this Brochure because we do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

There is no financial condition that is reasonably likely to impair Cadaret Grant's ability to meet its contractual commitments to its clients. Cadaret Grant has never been the subject of a bankruptcy proceeding.