

# **Lincoln Financial Advisors Corporation Premier Plus Wealth Management Program Form ADV, Part 2A**

July 1, 2021

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**This brochure provides information about the qualifications and business practices of Lincoln Financial Advisors Corporation. If you have any questions about the contents of this brochure, please contact us at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.**

**Additional information about Lincoln Financial Advisors Corporation also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2: Material Changes**

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This interim amendment to the brochure (this “Brochure”) for the Premier Plus Wealth Management Program (the “Premier Plus Program”) offered by Lincoln Financial Advisors Corporation (“LFA”) is dated July 1, 2021 and the last annual updating amendment to this Brochure was dated March 26, 2021. There have been no material changes to this Brochure since the last annual updating amendment dated March 26, 2021.

Clients are encouraged to read this Brochure in detail and contact their IAR with any questions. If you would like another copy of this Brochure or a copy of any other LFA brochure, please feel free to access and download it from our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), or from the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You also may request a copy of this Brochure or any other LFA brochure by contacting LFA at (800) 237-3813 or [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

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## **Item 4: Advisory Business**

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### **ABOUT LFA**

LFA was incorporated in 1968 and has been registered with the SEC as an investment adviser since 1992. LFA is wholly owned by The Lincoln National Life Insurance Company (“LNL”), which is wholly owned by Lincoln National Corporation (“LNC”), a publicly held entity. Lincoln Financial Group is the marketing name for LNC and its affiliates.

As of December 31, 2020, LFA managed approximately \$23.3296 billion of client assets on a non-discretionary basis and approximately \$7.3577 billion of client assets on a discretionary basis.

LFA offers a wide variety of investment advisory programs and services. These services are sometimes marketed using the name Sagemark Consulting, a division of LFA. LFA’s investment adviser representatives, including those who use the name Sagemark Consulting (collectively, “IARs”), assist clients in pursuing their financial goals by providing personalized financial planning services and investment solutions.

Any information relating to the tax considerations affecting your financial arrangements or transactions is not intended to be tax advice and should not be relied upon as such. Neither LFA nor the IARs provide tax, legal or accounting advice.

In addition to the advisory programs and services described in this Brochure, LFA also offers the following advisory programs and services, which are described in separate Forms ADV, Part 2A:

- Premier Series Wealth Management Program (which includes the Premier Separately Managed Accounts Program, Premier Unified Portfolio, the Premier Manager (Mutual Fund) Program, and the Premier Strategist Program) (the “Premier Program”);
- Sagemark Consulting Financial Planning;
- Financial Planning; and
- Third-Party Asset Management Programs, Retirement Plan Services and Other Advisory Services.

For a detailed discussion of each of the advisory programs and services listed above, including the fees and compensation associated with them, you should refer to the Form ADV, Part 2A for the particular program, which is available on our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), and on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). These Forms ADV, Part 2A may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

### **AVAILABLE ACCOUNT AND RELATIONSHIP TYPES**

When you choose to purchase products and services through LFA and work with an LFA financial professional, you have the option of investing through a transaction-based account, such as a brokerage account, a fee-based investment advisory program, or both. It is important to understand the services you can expect to receive and the costs associated with each of these different types of accounts and relationships with LFA and your LFA financial professional. These services and related costs are described below and in LFA’s Form CRS, Regulation Best Interest (“Reg BI”) Disclosure Document, and Forms ADV, Part 2A, which are available on LFA’s website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures.

#### **Transaction-Based Account, Such As a Brokerage Account**

With this type of account, you pay commissions and other charges (such as sales loads on mutual funds) at the time of each transaction, such as the purchase of a mutual fund, stock or other investment product. These commissions are the primary source of compensation for the transaction-based advice provided by your LFA financial professional when recommending such transactions. When acting as your broker, your LFA financial professional can make recommendations and provide guidance to you in selecting investment products and services. Your LFA financial professional may also provide investment education and research services, which are incidental to the brokerage services LFA provides. This type of account may be

more appropriate than a fee-based investment advisory account if you do not want ongoing investment advice on assets held in your account, or ongoing management of your account, and instead want only periodic or on-demand advice and recommendations specific to the purchase and sale of investment products. This type of account may result in lower costs for you if you expect to trade on an infrequent or occasional basis.

For additional information on LFA's broker-dealer services and transaction-based account offerings, please see LFA's Form CRS and Reg BI Disclosure Document, which are available on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures. LFA's Form CRS and Reg BI Disclosure Document may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

### **Fee-Based Investment Advisory Program**

A fee-based investment advisory program, sometimes called a “managed account,” may be more appropriate than a transaction-based account, such as a brokerage account, if you want ongoing investment advice and management of your account. This type of account may result in lower trading costs for you, particularly if the program you select does not assess transaction costs separately. LFA acts as a sponsor and broker-dealer in connection with some of the investment advisory programs and services it offers and LFA offers a number of different investment advisory programs and managed accounts.

With this type of account, you will usually pay an ongoing investment advisory fee based on the value of the assets held in your account in exchange for ongoing investment advice and management of your account. The asset-based fee is the primary source of compensation for the ongoing investment advice provided by your IAR. You generally will not be charged commissions for each purchase or sale of an investment product, although you may be charged a transaction charge for executing certain transactions and trades within your account, and you may incur other fees and costs associated with your account.

Transaction charges will not be used to compensate your IAR for his or her services in this type of account. Fees for certain investment advisory programs may be charged as an “all-inclusive” bundled fee based on the value of the assets in your account. This bundled fee usually includes a portfolio management fee, brokerage and transaction costs, and investment advice and is sometimes referred to as a “wrap fee.” However, this bundled fee usually will not include costs associated with transactions that are executed at broker-dealers other than the one at which your account is held. Transactions executed at broker-dealers other than the one at which your account is held are sometimes called “step-out” trades and are described further in Items 5 and 12 below. Fees vary depending on which LFA programs and services you use. Fees may be billed in arrears or in advance, depending on the program and the terms of your client service agreement. Fees typically are charged monthly or quarterly based on the assets held within your account for services such as ongoing investment advice, investment selection and recommendations, asset allocation, execution of transactions (depending on the program you are in), custody of securities and account reporting services. Please see your client service agreement, Statement of Investment Selection (“SIS”), if applicable, and other account-opening documentation for additional information.

Alternative investments (“AIs”) may be held in a managed account, but usually for consolidated reporting purposes and convenience only. For purposes of this section, AIs are defined as non-traditional investments such as non-traded real estate investment trusts, limited partnerships, oil and gas programs, managed futures funds, qualified opportunity zone funds, interval funds, private placements, 1031 exchange programs, funds of hedge funds, and other non-traded investment programs. Generally, AIs are illiquid and not traded on an exchange, or have limited liquidity at the discretion of the product provider, but may offer clients opportunities for diversification in their investment portfolios. AIs are usually purchased directly from the sponsor company on a commission basis and held in a transaction-based account. However, a client may request that an AI be held in a managed account. When LFA permits an AI to be held within a Premier Plus Program account or a Premier Program account, the AI generally will be coded as an “unsupervised” asset, which means that LFA will not serve in an investment advisory capacity with respect to the AI, LFA will not provide investment advisory services or oversight on the AI, and the AI will be excluded from the account's advisory fee calculation but reflected as an asset on the account's performance report. Unsupervised assets are not included in the performance calculation for Premier Plus Program accounts or Premier Program accounts. Notwithstanding the foregoing, LFA permits certain AIs to be held within Premier Plus Program accounts and Premier Program accounts as “supervised” assets. The AIs LFA permits to be held within Premier Plus Program accounts and Premier Program accounts as supervised assets generally will be in a share class designed or intended to be used in connection with a fee-based account. In such cases, LFA will serve in an investment advisory capacity with respect to the supervised AI, LFA will provide investment advisory services and oversight on the

supervised AI as it would with other assets maintained in the Premier Plus Program or Premier Program account, and the supervised AI will be included in the calculation of the account's advisory fee and performance. If these circumstances are applicable to your AI, the AI Worksheet you complete in connection with your AI investment and/or your other account documentation will inform you of the fact that your AI will be a supervised asset included in the calculation of your account's advisory fee and performance. Additionally, in some investment advisory and asset allocation programs sponsored by third-party asset management firms, the investment manager(s) selected may use AIs in the management of client accounts and may include AI assets in their fee and performance calculations.

LFA's advisory fees generally are negotiable. Some programs charge separately for asset management services, ongoing investment advice, and transactions. In such programs, you may be charged brokerage costs for transactions in your account in addition to the advisory fees. Fees and other charges are described in more detail in the applicable program's client service agreement, SIS, if applicable, and Form ADV, Part 2A.

For additional information on LFA's investment advisory programs and services, please see LFA's Form CRS and Forms ADV, Part 2A, which are available through our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), and through the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). LFA's Form CRS and Forms ADV, Part 2A may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

## PREMIER WEALTH MANAGEMENT PROGRAM

LFA is the sponsor of the Premier Wealth Management Program ("Premier"), an investment advisory program that provides access to individualized investment management services. LFA allows its IARs to offer the investment advisory services described herein to their clients and potential clients. Through a written agreement with Envestnet Portfolio Solutions, Inc. ("EPS"), an investment adviser registered with the SEC, LFA has engaged EPS to provide various administrative services to Premier clients using the Premier Plus Program (as described below), and to provide administrative services and/or investment management services for clients electing the other Premier investment programs.

Premier provides clients with access to continuous investment management services for investment portfolios through the following Premier investment programs:

- **Premier Plus Program.** This program consists of portfolios managed by an IAR, which may be composed of mutual funds, exchange-traded funds ("ETFs"), individual securities, annuity contracts, and other investments based upon the investment strategy agreed upon with the client.
- **Premier Separately Managed Accounts Program.** This program offers a broad array of investment strategies managed by third-party money managers (each, a "Sub-Manager") contracted with EPS, or managed by EPS under a licensing agreement with a Sub-Manager.
- **Premier Unified Portfolio.** This program offers the investment strategies of Sub-Managers and third-party asset allocation providers ("Strategists"), mutual funds, and/or ETFs within a single account that is managed by EPS as an "overlay manager" in accordance with Sub-Manager, Strategist, mutual fund, and ETF allocations recommended or selected by an IAR.
- **Premier Manager (Mutual Fund) Program.** This program consists of mutual fund portfolios managed by EPS.
- **Premier Strategist Program.** This program consists of mutual fund, ETF, or other portfolios managed by EPS or LFA pursuant to the investment recommendations or model portfolios of one or more Strategists.

The Premier Separately Managed Accounts Program, Premier Unified Portfolio, the Premier Manager (Mutual Fund) Program, and the Premier Strategist Program are all described in a separate Premier Program Form ADV, Part 2A (Wrap Fee Program Brochure), which is available on our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), and on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Premier Program Form ADV, Part 2A and each of LFA's other Forms ADV, Part 2A may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

The client ultimately determines the portfolio manager for his or her account in Premier (the “Program Account”), whether electing LFA, an IAR, EPS, or one or more Sub-Managers to manage the assets in the Program Account.

LFA’s review and selection of service providers for Premier is based on the service providers’ ability to provide an overall set of services necessary to administer the program, which may include a variety of functions such as investment research, technology, and administrative support. If LFA, through its ongoing evaluation of any service provider, determines that they are no longer able to perform these services effectively, LFA may replace them with another service provider or discontinue the program.

The minimum investment amount varies by the Premier investment program selected and may vary further by Sub-Manager or Strategist selected by the client. Generally, the investment minimums for the Premier investment programs are as follows:

- Premier Plus Program – \$25,000
- Premier Separately Managed Accounts Program – \$100,000 for each Sub-Manager selected
- Premier Unified Portfolio – \$250,000
- Premier Manager (Mutual Fund) Program – \$25,000
- Premier Strategist Program – \$10,000 to \$50,000 for each Strategist selected

Actual minimum investment amounts for any Premier investment strategy, Sub-Manager or Strategist may be higher or lower than listed above. The minimum investment amounts may be negotiable at the discretion of LFA, EPS, Sub-Managers or Strategists, as applicable.

Once the client selects an IAR, the IAR will request information from the client regarding the client’s financial background, investment experience, investment objectives, and risk tolerance, among other things, in determining whether Premier is appropriate for and in the best interest of the client.

The IAR will contact the client periodically to determine if there have been any changes in the client’s financial situation or investment objectives so that the investment strategy of the account may be adjusted accordingly. The information provided by the client will be shared among LFA, the IAR, EPS and, to the extent applicable, Sub-Managers, and will be used in formulating each of their respective recommendations and strategies in managing client assets.

A client should promptly contact their IAR any time the client’s financial situation or investment objectives change, or if any of the information previously provided to the IAR has materially changed. The IAR can then determine whether the account and its investments remain appropriate, or if any changes should be recommended.

Once an advisory relationship is established, there are no restrictions on a client’s ability to contact LFA or the IAR. Under certain circumstances, the client may request direct contact with EPS, a Sub-Manager or a Strategist. However, these consultations will occur at the sole discretion of EPS or the applicable Sub-Manager or Strategist.

### **Accounts on Fidelity’s Tax-Exempt Recordkeeping Platform**

Clients that have retirement plan accounts that are held on Fidelity’s tax-exempt recordkeeping platform may authorize LFA and its IARs to provide discretionary investment management services to such accounts through the Premier Plus Program. To participate in this program, the client will be required to complete a Registered Investment Advisor Authorization Form or other appropriate documentation to, among other things: authorize LFA and IAR to manage the client’s retirement plan account through the Premier Plus Program; grant LFA and IAR the ability to access information regarding the client’s retirement plan account; authorize LFA and IAR to provide trading instructions to Fidelity with respect to client’s retirement plan account; and authorize LFA to instruct Fidelity to deduct applicable investment advisory fees from the client’s retirement plan account.

In this program, IAR will provide investment management services to the client utilizing the investment options available within the client's retirement plan account. The employer that sponsors the client's retirement plan is responsible for determining the investment options that are available within the client's retirement plan account, and the investment options available within retirement plan accounts typically will be more limited than the full suite of investment options generally available to clients participating in the Premier Plus Program. LFA and IAR do not control the list of investment options available within the client's retirement plan account. IAR's investment recommendations and decisions with respect to the client's retirement plan account will be limited by the investment options available within the client's retirement plan account and, as a result, may differ from the investment recommendations and decisions made for other accounts that are not subject to such limitations. Additionally, these limitations may cause the investment performance, risk profile, and other characteristics of the client's retirement plan account to differ from those of other Premier Plus Program accounts that are not subject to such investment limitations. If the client's retirement plan permits the establishment of a Fidelity BrokerageLink account within the retirement plan, additional investment options generally will be available to the client. Investments in 403(b)(7) accounts are limited to mutual funds and other regulated investment companies as defined for purposes of Section 403 of the Internal Revenue Code, so clients with that type of retirement plan will only be able to invest in mutual funds and other regulated investment companies.

The Sponsor Fee and Adviser Fee for accounts participating in this program are charged quarterly as described under the heading Client Advisory Fees below. Accounts on Fidelity's tax-exempt recordkeeping platform are held by Fidelity and Fidelity sets and may charge trading, transaction, custody, and other fees and expenses in connection with the client's retirement plan account and Fidelity BrokerageLink account, if applicable. The employer sponsoring the client's retirement plan is responsible for negotiating and determining all fees and costs associated with the client's retirement plan, including, but not limited to, trading and custodial costs. Except for the Sponsor Fee and Adviser Fee associated with a client's participation in the Premier Plus Program, LFA and IAR do not negotiate or control any trading costs, custodial costs, or other fees and expenses related to the client's retirement plan. LFA and IAR will not receive any compensation related to the client's retirement plan account or Fidelity BrokerageLink account, if applicable, other than the Sponsor Fee and Adviser Fee they charge for the investment advisory services they provide to the client's retirement plan account through the Premier Plus Program. Please see your retirement plan account opening documentation, including any related trading, transaction, and service fee schedules, for additional information on applicable fees and expenses. Please also see the disclosure materials for each of the investment options available within your retirement plan for information regarding the fees and expenses related to particular investment options.

### **Impact Investment Screening**

You can elect to apply certain limitations to your account that require the investment manager to avoid investing in certain industries and/or specific companies. This is often referred to as "Impact Investing," "Socially Responsible Investing," or "Environmental, Social and Governance Investing." While there generally is no additional charge for applying this type of restriction to your account, the application of such restrictions may cause a divergence in performance from what the investment manager would produce absent any industry or security restrictions.

## **Item 5: Fees and Compensation**

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### **CLIENT ADVISORY FEES**

Program fees for Premier are assessed based on an annual percentage of the total market value of the client's assets under management (including, but not limited to, cash balances and cash sweep holdings), without deducting the balance of any margin loan, line of credit, or other lien against the account. The program fees are charged quarterly and may be charged in advance or in arrears. Fees charged in arrears will be calculated based on the average daily balance of the Program Account for the prior quarter. Fees charged quarterly in advance will be calculated based on the average daily balance of the Program Account during the previous quarter; and the initial fee will be prorated to the end of the calendar quarter if the Program Account is opened on any day other than the first day of a calendar quarter. Fees will be debited from the client's Program Account or such other account that the client designates for the purpose of payment of fees. The maximum annual program fee is 3.00% of the client's assets under management. However, there is a minimum Sponsor Fee (as defined below) of \$250 per household in Premier, which could result in an annual program fee percentage above 3.00% depending on the amount of the client's assets under management in Premier. LFA's policy in determining client accounts that qualify as a household generally defines a "household" as accounts of spouses, domestic partners, and their minor children all residing at the same



address and a client's associated trusts and businesses. The total amount of assets within a client's household may be aggregated upon the client's request to achieve fee breakpoints (and certain applicable minimums). The householding policy applies to the Sponsor Fee, Adviser Fee, and, if applicable, EPS Fee components (described below) of your Premier account and does not discount or apply to any other fees or costs associated with your Premier account (e.g., strategist or manager fees, custody and clearing fees, etc.). In certain circumstances, LFA may permit accounts falling outside of the criteria listed above to be grouped into a household. Fees are negotiated with each client based on the size and complexity of each client's circumstances. Each IAR will negotiate with each client to determine the fees to be charged; therefore, fees vary among IARs and clients and some IARs charge higher fees than other IARs for similar services. Fees will be debited from the account designated by the client in accordance with the client authorization in the client service agreement.

The total program fee paid by the client varies by Premier investment program and will include the LFA platform and administrative fees (the "Sponsor Fee" and, if applicable, the "Firm Fee"), the IAR's fees (the "Adviser Fee"), EPS's administrative and management fees, and the fees charged by the Sub-Manager(s) and Strategist(s) selected to manage client assets or provide model portfolios, as applicable. Fees charged by each entity providing services to the program vary based on the program selected, the investment products used, and the size of the account and/or household, among other factors. For certain investment strategies, such as certain Strategists using ETFs and Sub-Manager strategies, the custodian and/or broker-dealer may charge an asset-based fee, which may be subject to a minimum dollar amount per account per year, a flat annual dollar amount, or transaction-based charges to account for trading costs. LFA will determine the methodology for charging for trading costs for each program, and LFA will retain all or a portion of the charges assessed to the client for trading activity. This may be included in the program fee or may be assessed as a separate charge by the custodian or broker-dealer. Please see the following description of applicable costs, and their standard ranges, in the Premier Plus Program.

### **Premier Plus Program**

For all Premier Plus Program accounts, you will pay the following standard annual fee ranges:

Sponsor Fee: Up to 0.20% of account assets

Adviser Fee: Up to 2.50% of account assets

In addition to these fees, Premier Plus Program clients will incur separate fees and costs for trading (the buying and selling of securities) in Premier Plus Program accounts. These trading and transaction costs and fees vary depending on the type of mutual fund or other security being purchased or sold and are detailed in the LFA Fee and Commission Schedule, which is provided to you at account opening and may change over time. The LFA Fee and Commission Schedule for accounts held (custodied and cleared) by National Financial Services LLC ("NFS") can be found at [www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost](http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost). Trading, transaction, and service charges applicable to accounts for which LFA does not serve as the broker-dealer of record, including accounts held with Fidelity Brokerage Services LLC ("FBS") and accounts on Fidelity's tax-exempt recordkeeping platform, are set by the broker-dealer of record for your account, are detailed in your account documentation, and may change over time. Please refer to your account documentation, including related trading, transaction, and service fee schedules, for additional information.

Where LFA acts as the broker-dealer on Program Accounts, trading, transaction, and service charges are paid to LFA to defray the costs associated with trade execution and to compensate LFA for the services it provides as the broker-dealer. The trading, transaction, and service charges assessed by LFA and disclosed in the LFA Fee and Commission Schedule you receive as part of your account opening paperwork are generally higher than the fees and expenses that LFA has and pays to NFS for clearance and execution of transactions and related services and are a source of revenue to LFA (see the Other Client Fees and Expenses section below for further information on these trading, transaction, and service fees and LFA's role as a broker-dealer on your account). LFA's receipt of trading, transaction, and service charges as broker-dealer of record presents conflicts of interest for LFA. For example, trading and transaction charges vary depending on the type of mutual fund or other security being purchased or sold for your account and, therefore, LFA earns more from transactions or trades involving investments with higher trading and transaction charges. For example, you may incur a \$15 charge for the first 1,000 listed equity shares you purchase, a \$40 charge for a corporate bond trade, or a \$15 charge for a transaction fee ("TF") mutual fund trade. This example is illustrative only and is not intended to reflect the actual trading and transaction costs you will incur. You should refer to the current LFA Fee and Commission Schedule for accounts held (custodied and cleared) by NFS, which is available at [www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost](http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost), for actual trading, transaction,

and service costs applicable to your Premier Plus Program account. In addition, where transaction charges apply, the more transactions a client enters into, the more revenue or compensation LFA receives. As a result, LFA has an incentive to recommend products and services based on the compensation received and an incentive to encourage you to trade often. LFA mitigates these conflicts by disclosing them to you, disclosing to you the amount of commissions and/or trading costs there will be for the products or securities being invested in, disclosing to you the service charges applicable to your account and the services you request, not sharing any trading, transaction, or service charges it receives with the IAR that recommends transactions, strategies, or services for your account, and by requiring that there be a review of your account and transactions at account-opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

On rare occasions, and solely on an exception basis, LFA may permit an IAR, upon request, to voluntarily pay a particular trading or transaction charge on behalf of his or her client. These requests are rare and typically occur when new IARs or clients initially transition assets from an outside firm into LFA or when an existing LFA client transfers assets to a new LFA account; however, they do occur in other circumstances. IARs have neither the independent discretion nor the responsibility to pay transaction fees on behalf of their clients.

### **Additional Information**

For additional information regarding the total program fee applicable to your Premier program account, including detailed information regarding program fee components and calculation methodologies, please review your client service agreement, SIS, and, as applicable, the Total Program Fee Guide provided with your SIS. LFA's current Total Program Fee Guide, which describes the program fees generally applicable to new accounts in Premier, also is available on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures.

### **STEP-OUT TRADING**

Investment managers that have the discretion to execute “step-out” trades with broker-dealers other than NFS will incur additional commissions or other trading or transaction fees that client will pay as a result of a step-out trade. Any additional trading costs may negatively impact investment performance. However, the decision to execute a step-out trade may allow the manager to achieve better price execution. In addition, some managers do not pass the additional fees or costs on to the client.

In cases where an asset-based fee is assessed for trading costs, the asset-based fee does not cover charges resulting from “step-out” trades effected by an investment manager with broker-dealers apart from NFS. EPS and the investment managers described in this Brochure are generally free to consider other broker-dealers' trading capabilities versus NFS's trading capabilities as part of their duty to seek best-execution and obligations as investment advisers.

A “step-out” trade occurs in some instances when an investment manager purchases equity securities, fixed-income securities, derivatives (e.g., options), or other securities from a different broker-dealer or the broker or dealer selling the securities to obtain a more favorable price or because the particular security is not available through NFS.

In other instances, a “step-out” trade occurs when the investment manager executes a single trade for multiple clients by aggregating orders into a single “block.” A “block” trade can provide the client with a better overall price and/or return because a single order could result in better execution versus placing multiple separate orders. When a third-party manager executes a “block” order, that manager is seeking to obtain the best-execution and best price. Aggregating transactions into a single trade may afford EPS, the Strategists, or the Sub-Managers more control over the execution of the trade, including potentially avoiding an adverse effect on the price of the security that could result from effecting a series of separate, successive and/or competing small trades with multiple broker-dealers or clearing firms.

Premier fees do not cover fees or charges resulting from trades effected with, or through, broker-dealers or clearing firms other than NFS, or mark-ups or mark-downs by any such other broker-dealers or clearing firms and, as such, clients will be responsible for any such additional execution costs in addition to the applicable program fees. Additional costs resulting from step-out trades typically are included in the net price of the securities traded and typically will not be reflected as separately identifiable charges on your trade confirmations or account statements. It is expected that EPS, the Strategists, and the Sub-Managers would typically consider trades executed through NFS to be without commissions or retail mark-ups

or mark-downs when comparing the cost of trading securities with other broker-dealers. LFA would expect such a comparison by an investment manager to generally result in a decision to execute most trades through NFS. However, EPS, the Strategists, and the Sub-Managers may from time to time believe they are able to obtain better execution utilizing step-out trades. Additionally, certain third-party managers participating in Premier have historically utilized step-out trades for a significant portion, if not all, of their trades in certain strategies available through Premier (including, but not limited to, certain fixed-income, options, and ETF strategies) and may do so in the future. As a result, clients utilizing these third-party managers' strategies will incur any additional fees and costs resulting from such step-out trades, which will increase their overall cost of participation in Premier.

Clients should review EPS's or the applicable Strategists' or Sub-Managers' Forms ADV, Part 2A to learn if they execute step-out trades and the criteria they use in selecting a broker-dealer or clearing firm to do so. Further information regarding the frequency of EPS, Strategist, and Sub-Manager utilization of step-out trades and a general description of the additional costs related to step-out trades can be found on our website at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv). If you have any questions regarding this information or step-out trading in your account and related costs, please contact your IAR.

Investment managers have the discretion to utilize step-out trades in circumstances including, but not limited to, those involving: equity securities, fixed-income securities, derivatives (e.g., options), thinly-traded securities, illiquid securities, and ETFs. Investment managers may decide to "step-out" for a variety of reasons, such as obtaining an optimal combination of price and service to the client along with satisfying the investment manager's best execution obligation.

## **BEST EXECUTION**

In placing orders for the purchase and sale of securities and directing brokerage to effect these transactions, an investment manager's primary objective is to obtain best qualitative execution for clients in each client transaction so that the client's cost per transaction is the optimal combination of price and service considering all relevant factors, including, but not limited to, the type of security, timeliness of execution, efficiency of execution, and any other relevant considerations. As such, an investment manager may choose to execute "step-out" trades as discussed above.

Please see Item 12, Brokerage Practices, below for further information regarding these practices. Further information regarding the frequency of EPS, Strategist, and Sub-Manager utilization of step-out trades and a general description of the additional costs related to step-out trades can be found on our website at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv). If you have any questions regarding this information or step-out trading in your account and related costs, please contact your IAR.

Any additional transaction fees are further detailed and described in your investment advisory account opening application and/or your client service agreement and SIS.

Actual fees charged to a specific client or account will vary and will be disclosed in the SIS signed by the client upon election of services under Premier. Fees will not be charged on the basis of a share of capital gains or capital appreciation of a client's funds or any portion of a client's funds.

IARs, Sub-Managers, Strategists and EPS will direct investments into certain securities, including ETFs and mutual funds that participate in the custodian's designated no transaction fee ("NTF") program. At times, these ETFs and mutual funds may elect to cease participation in the custodian's NTF program. Please see the Other Client Fees and Expenses section below for further information on NTF and TF mutual fund costs and related expenses. Some mutual funds and custodians impose a short-term redemption fee upon liquidation of a mutual fund position if that position was not held for a sufficient amount of time as described in the individual mutual fund's prospectus. None of LFA, the IAR, custodian or EPS determines or receives any portion of the short-term redemption fee imposed by a mutual fund.

## **TERMINATING ACCOUNTS**

A Program Account may be terminated by either party by providing written notice to the other party. Upon termination, any prepaid, unearned fees will be refunded to the client within a reasonable amount of time and on a prorated basis, and any unpaid but earned fees will be due and payable to LFA and other parties providing services to the account.

Your account fees are negotiable and will be debited from your account by the program's custodian. If you terminate your participation in a Premier program for which fees are charged in advance, you will be entitled to a pro-rata refund of any prepaid quarterly fees based upon the number of days remaining in the quarter after termination. Please refer to your client service agreement and SIS for additional information regarding the methodology used in calculating your quarterly account fee and applicable reimbursements.

## **CLEARING FIRM RELATIONSHIP**

Through its clearing relationship with NFS, LFA receives certain revenue related to margin loans, free credit balances, and debit balances maintained by client accounts in addition to a portion of the Automated Customer Account Transfer Services fee charged by NFS. However, none of this revenue received by LFA is related to particular assets held by a client (such as a particular mutual fund product, mutual fund share class, or cash sweep vehicle recommended or selected) in Program Accounts, or related to transactions or activity specific to Program Accounts or in its role as the investment adviser on such accounts. The receipt by LFA of these types of revenue from the clearing and custodial firm arrangements supports and defrays the costs LFA has related to the ongoing operational and administrative maintenance of client accounts and compensates LFA for services provided in its role as broker-dealer or program sponsor for such client accounts. The payment of this revenue to LFA can be a factor in determining and selecting a particular custodian that we would otherwise select and utilize, such as NFS, and, as a result, presents a conflict of interest for LFA. We mitigate this conflict by disclosing it to you, ensuring the revenue LFA receives is not shared with the IARs providing investment advisory services and investment recommendations to you and your account, and by requiring that there be a review of your account and transactions at account-opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

## **PROGRAM COSTS**

In considering the investment programs described in this Brochure and the services provided by LFA, broker-dealer, the custodian, EPS and their respective affiliates, a prospective client should be aware that the program may cost a client more or less than purchasing the services separately from other advisers or broker-dealers. The factors that should be considered by a prospective client include, among other things, the size of the client's portfolio, the nature of the investments to be managed, commission costs, custodial expenses, the anticipated level of trading activity, the need for ongoing advice and account monitoring, and the amount of advisory fees for managing the client's portfolio. LFA and IARs recommending Premier will receive compensation as a result of a client's participation in the program. The amount of the compensation may be more than what LFA or the IAR would receive if the client participated in other investment programs or paid separately for investment advice, brokerage and other services. Certain IARs also receive the benefits of discounted Sponsor Fees for Premier based on assets on the platform, which result in LFA achieving certain economies of scale. Additionally, IARs are eligible to qualify for certain benefits, including, but not limited to, educational and other opportunities sponsored by LFA and/or product sponsors, based on their total assets held in Premier. Therefore, the IARs and LFA have a conflict of interest as a result of their financial incentive to recommend Premier over other programs or services such as third-party sponsored programs in which LFA does not receive a Sponsor Fee and for which IARs may not receive additional benefits. We mitigate this conflict by disclosing it to you, requiring that there be a review of your account and transactions at account-opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics, and reviewing any Sponsor Fee discounts to determine if certain economies of scale or other circumstances justify the lower Sponsor Fees charged by LFA.

## **OTHER CLIENT FEES AND EXPENSES**

In addition to the program fees and transaction charges noted previously, based upon the investments selected, clients may incur certain charges imposed by third parties in connection with the investments made through Program Accounts. These include, but are not limited to: mutual fund or money market 12b-1 and sub-transfer agency fees (including, but not limited to, 12b-1 fees on money market mutual funds designated as cash sweep vehicles), mutual fund networking fees, mutual fund or money market management fees and administrative expenses, certain deferred sales charges on previously purchased mutual fund shares transferred into a Program Account, other transaction charges and service fees, and other charges permitted or required by law. LFA receives a portion of these fees and, as such, LFA has a conflict of interest as it has an incentive to recommend products and strategies that provide LFA higher compensation. We mitigate this conflict by disclosing it to you, crediting back any 12b-1 fees LFA would have otherwise received as the broker-dealer of record to the

client account from which they were generated, not sharing any of these revenues with the IAR that recommends transactions or strategies for your account, and by requiring that there be a review of your account and transactions at account-opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. Further information regarding costs and fees charged by a mutual fund, ETF, annuity, or other investment vehicle is available in the applicable prospectus or other offering documents.

A client could invest in mutual funds and other investment products directly, without the services of LFA or an IAR. In that case, the client would not receive the services provided by LFA or the IAR, which are designed, among other things, to assist the client in determining on an ongoing basis which mutual funds or other investments are most appropriate given each client's investment objectives, financial circumstances, and other characteristics. Accordingly, the client should review both the fees charged and expenses incurred by the mutual funds and other investment products and the fees charged and services provided by LFA and the IAR to understand the total amount of fees to be paid by the client and thereby evaluate the services being provided.

Other costs that will be charged to the client, if applicable, and that are not part of the program fee, include retirement account maintenance fees, retirement account termination fees, fees for portfolio transactions executed away from your custodian and clearing firm, dealer mark-ups, electronic fund and wire transfer fees, spreads paid to market-makers, exchange fees, and other fees and charges customary to securities brokerage accounts. Transaction fees may apply when certain assets are traded by IAR in the Premier Plus Program or are liquidated prior to LFA, EPS or a Sub-Manager commencing investment management services. These direct trading or maintenance costs and fees vary depending on the mutual fund product or other security being purchased or sold and are detailed in the LFA Fee and Commission Schedule, which is provided to you at account opening and may change over time. The LFA Fee and Commission Schedule for accounts held (custodied and cleared) by NFS can be found at [www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost](http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost). Trading, transaction, and service charges applicable to accounts for which LFA does not serve as the broker-dealer of record, including accounts held with FBS and accounts on Fidelity's tax-exempt recordkeeping platform, are set by the broker-dealer of record for your account, are detailed in your account documentation, and may change over time. Please refer to your account documentation, including related trading, transaction, and service fee schedules, for additional information.

Where LFA is the broker-dealer on Program Accounts, LFA will act as a broker for transactions in Program Accounts and will assess a transaction charge for certain transactions unless transaction costs are included in the asset-based program fee. Any transaction-based charges assessed by LFA are not shared with the IAR providing services to the Program Accounts. LFA's receipt of trading, transaction, and service charges as broker-dealer of record presents a conflict of interest for LFA. For example, trading and transaction charges vary depending on the type of mutual fund or other security being purchased or sold for your account and, therefore, LFA earns more from transactions or trades involving investments with higher trading and transaction charges. In addition, where transaction charges apply, the more transactions a client enters into, the more revenue or compensation LFA receives. As a result, LFA has an incentive to recommend products and services based on the compensation received and an incentive to encourage you to trade often. We mitigate these conflicts by disclosing them to you, disclosing to you the amount of commission and/or trading costs there will be for the products or securities being invested in, disclosing to you the service charges applicable to your account and the services you request, not sharing any trading, transaction, or service charges we receive with the IAR that recommends transactions or strategies for your account, and by requiring that there be a review of your account and transactions at account-opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. These transaction and trading costs and fees vary depending on the mutual fund product or other security being purchased or sold in your Premier account and are detailed in the LFA Fee and Commission Schedule, which is provided to you at account opening and may change over time. The LFA Fee and Commission Schedule for accounts held (custodied and cleared) by NFS can be found at [www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost](http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost).

LFA, as the broker-dealer on such program accounts, has a duty to ensure such transaction charges are reasonable in light of its best execution responsibilities. LFA utilizes NFS for several services related to some of the accounts in Premier, including clearance and execution services, through a fully-disclosed clearing agreement. The transaction and service charges assessed by LFA and disclosed in the LFA Fee and Commission Schedule you receive as part of your account opening paperwork are generally higher than the fees and expenses that LFA has and pays to NFS for clearance and execution of transactions and related services and are a source of revenue to LFA. When acting as the broker-dealer of record on your account, LFA is responsible for and performs a number of broker-dealer functions and services with respect



to your account and any securities transactions therein. LFA's responsibilities include, but are not limited to: collecting, verifying and maintaining documentation about you and your account, approval and acceptance of your account, reviewing and supervising activities, including trading activities, within your account, reviewing and either accepting or rejecting any transactions within your account, transmission of all orders with respect to your account, supervision of all orders and accounts, including maintaining compliance with best interest standards and regulatory requirements, as applicable, and ensuring that any mutual fund orders are in compliance with the terms of the applicable prospectus. LFA maintains substantial operational, compliance and technology resources in support of its broker-dealer operations necessary to provide these and other services in connection with your account and any transactions effected in your account.

LFA does not retain 12b-1 fees paid by mutual funds held in Premier accounts and credits the amounts that LFA would have otherwise received as the broker-dealer of record on the account back to the client account that generated the 12b-1 fee payment. However, LFA does not serve as the broker-dealer of record for accounts held with FBS or on the Fidelity tax-exempt recordkeeping platform and, as such, neither LFA nor IARs receive or credit 12b-1 fees that may be incurred by mutual funds held in such accounts. In these circumstances, clients should not assume that the broker-dealer of record on their accounts will credit their accounts with any 12b-1 fees incurred by mutual funds held in their accounts.

For complete fee details, please see your client service agreement and SIS, the LFA Fee and Commission Schedule, and the supporting documentation you received in connection with the program, including applicable mutual fund and other investment product prospectuses and other offering documents.

## **MARGIN AND SECURITIES BACKED LINE OF CREDIT**

If you enter into a margin loan or a securities backed line of credit ("SBLOC") with a lender for one of your accounts maintained in Premier, LFA will receive compensation from the lender based on the total amount of your outstanding loan balance. With margin loans, LFA will receive a portion of the interest you pay the lender on your outstanding margin loan balance. The amount of interest paid to LFA will vary depending on the outstanding loan balance and other factors and will increase the interest rate charged to you for the margin loan. With an SBLOC, LFA will be compensated by receiving payments from the lender based on the amount of your outstanding loan balance. The total amount of compensation received by LFA may vary depending on each individual SBLOC and will increase the interest rate charged to you by the lender. LFA has a conflict of interest as a result of its incentive to recommend that you use a margin loan and/or an SBLOC and to increase the amount of your loan balance because LFA will receive more compensation when you do so.

LFA and your IAR have an incentive to recommend that you use a margin loan and/or an SBLOC for liquidity purposes rather than liquidating your holdings or using other sources of liquidity. LFA and your IAR will benefit from your margin loan or SBLOC because you don't have to liquidate assets in your account to pay for things with cash, which would diminish the assets held in the account and the potential fees that could be earned by LFA and your IAR from holding or engaging in future transactions with those assets. For example, by encouraging investors to take out a margin loan or an SBLOC to fund a purchase or financial need rather than liquidate securities or withdraw cash from their accounts, LFA and your IAR will continue to earn fees on the full account value. However, your IAR receives no other compensation, fees, or incentives related to your decision to use a margin loan or an SBLOC or maintain a loan balance.

## **MUTUAL FUND CATEGORIES AND SHARE CLASSES**

To the extent that you invest in mutual funds through your Premier account, the mutual fund could either be an NTF mutual fund or a TF mutual fund. NTF mutual funds do not incur a transaction fee or charge for the buying and selling of the fund. The buying or selling of a TF mutual fund will incur a transaction fee or charge. As mentioned above, internal mutual fund fees and expenses will vary across mutual fund products and share classes, including NTF and TF mutual funds, as set forth in the prospectus for each mutual fund and/or share class. Please consult with your IAR to ensure you know and understand the types of mutual fund products being utilized in your account and their applicable fees and expenses both internal as well as any external transaction charges, if applicable, for trading such funds.

Your account may incur 12b-1 fees from certain mutual fund share classes that you may own through your LFA fee-based investment advisory account (typically accounts that may own load-waived Class A or non-institutional share class mutual funds, sometimes also referred to as NTF mutual funds). The mutual fund share classes that pay these 12b-1 fees typically have higher internal expenses, but in many cases these mutual fund share classes do not incur transaction fee charges (or

commissions) when executing a trade at the clearing firm. These higher internal expenses are assessed to investors who purchase or hold NTF mutual funds. NTF mutual funds may cost you more, depending on the frequency of trading, than TF mutual funds that assess a transaction charge but have lower internal expenses. Mutual fund 12b-1 fees that LFA would have otherwise received as the broker-dealer of record on the account from the clearing and custodian firm are credited back to the client account that generated the 12b-1 fee payment in Premier, which reduces the net cost to the client by the amount credited. Other mutual fund share classes that have lower internal expenses and do not pay 12b-1 fees are available; however, depending on the particular fund, those share classes may incur transaction fees (or commissions) with any purchase or sale. Each share class has eligibility standards as described in the mutual fund's prospectus or statement of additional information. **Clients should not assume that they are always invested in the share class with the lowest internal expenses or costs. Please contact your IAR for more information about share class eligibility, transaction costs, and internal mutual fund expenses, and please review the applicable mutual fund prospectus for further information related to the fund's expenses and other important matters.** The transaction and trading costs and fees vary depending on the mutual fund product or other security being purchased or sold in your Premier account and are detailed in the LFA Fee and Commission Schedule, which is provided to you at account opening and may change over time. The LFA Fee and Commission Schedule for accounts held (custodied and cleared) by NFS can be found at [www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost](http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost). Trading, transaction, and service charges applicable to accounts for which LFA does not serve as the broker-dealer of record, including accounts held with FBS and accounts on Fidelity's tax-exempt recordkeeping platform, are set by the broker-dealer of record for your account, are detailed in your account documentation, and may change over time. Please refer to your account documentation, including related trading, transaction, and service fee schedules, for additional information.

If your Premier account is held by FBS as the broker-dealer of record and you are invested in a mutual fund that incurs a 12b-1 fee, because LFA is not the broker-dealer of record on your account, neither LFA nor any IAR receives those fees nor are those 12b-1 fees credited back to your account. Similarly, to the extent your Premier account is held on Fidelity's tax-exempt recordkeeping platform, LFA is not the broker-dealer of record on your account and neither LFA nor any IAR receives or credits 12b-1 fees that may be incurred by mutual funds held in your account. In these circumstances, clients should not assume that the broker-dealer of record on their accounts will credit their accounts with any 12b-1 fees incurred by mutual funds held in their accounts.

Many mutual funds offer multiple share classes that represent the same underlying investments but have different fees and expenses and differ in their availability for investment based upon certain eligibility requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A (including load-waived A shares), B and C shares), some mutual funds offer institutional share classes or other share classes that are specifically designed for purchase in accounts enrolled in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in investment advisory programs usually have lower expense ratios than other share classes. However, these share classes may also have higher transaction costs and certain eligibility criteria as described in the mutual fund's prospectus or statement of additional information. **Clients should not assume that their assets will be invested in the share class with the lowest possible expense ratio. Your IAR may recommend, select, or have your account hold a fund share class that charges higher internal expenses than other available share classes for the same fund.**

Your IAR's assessment of the appropriate share class is based on a range of different considerations, including, but not limited to: whether transaction charges are applied to the purchase or sale of the particular mutual fund or share class; your anticipated level of trading activity in the mutual fund or share class; your anticipated holding period for the mutual fund or share class; the asset-based advisory fee charged for your account; the overall cost structure of the advisory program, including the Sponsor Fee; operational considerations associated with accessing or offering particular share classes (including the presence of selling agreements with the mutual fund sponsors and the ability to access particular share classes through the custodian); and share class eligibility requirements. The factors considered, and the weighting of the importance of each of these factors, will vary among IARs. The transaction costs and advisory program cost structure is determined by the custodian and LFA, respectively, and is determined based on factors such as the availability of cost sharing, distribution fees, shareholder servicing fees or other compensation associated with offering a particular class of shares.

In selecting or recommending particular mutual fund share classes, IARs may (but are not required to) consider the overall costs and expenses associated with providing ongoing advice and services to the client. Accordingly, the advisory fees that are charged on an account or in the aggregate at the client relationship level may take into consideration the mutual fund share classes in which clients are invested. Clients that are invested in institutional share classes may have higher advisory

fees and may be assessed higher transaction charges and surcharges for the purchase and sale of mutual funds. Similarly, clients that are invested in retail share classes may be charged lower advisory fees, have lower transaction charges, and may receive 12b-1 credits or other fee offsets to reduce the impact of being invested in a share class with higher internal expenses. Clients that prefer or request that transaction charges be minimized or avoided may be invested in share classes with higher internal expenses but lower or no transaction-based charges (such as NTF mutual funds). The higher internal expenses charged to clients who hold NTF mutual funds will adversely affect the performance of their account when compared to share classes of the same funds that assess lower internal expenses. Please contact your IAR for more information about share class eligibility, transaction costs, and internal mutual fund expenses, and please review the applicable mutual fund prospectus for further information related to the fund's expenses and other important matters.

## **CUSTODIAN AND CLEARING FIRM RELATIONSHIPS**

LFA has a financial incentive to select or recommend NFS as the custodian for client accounts, increase or maintain the amount of client assets held with NFS, and maintain its relationship with NFS, based on the compensation that NFS provides to LFA and its affiliates. For example, under the agreement between LFA and NFS, LFA is entitled to receive annual business development credits during the term of the clearing relationship, has received non-recurring business development credits, and would be required to make certain payments to NFS if the clearing relationship were terminated for specified reasons or if LFA failed to maintain specified levels of client assets with NFS. Additionally, LFA is entitled to receive reimbursements for account transfer costs associated with client account transfers into NFS that represent new assets for NFS. These account transfer cost reimbursements may not be offered or available to all new clients transferring their assets to NFS. This creates a conflict of interest for the IAR because he or she could select which clients receive the benefit of the transfer cost reimbursement. We attempt to mitigate this conflict by disclosing it to you and attempting to ensure that any transfer cost reimbursement provided to a client account is directly proportional to the actual costs incurred by the client in transferring his or her account to NFS. This further ensures that the IAR does not benefit himself or herself at the expense of the client in terms of these transfer cost reimbursements that are made available to clients.

LFA has arrangements with custodians under which LFA provides the custodians with certain services, which vary by custodian. These services generally include, but are not limited to, (i) clerical assistance in completing account opening paperwork and opening client accounts, (ii) clerical assistance in maintaining client accounts, processing asset transfers and money movement, (iii) reconciling and assisting in updating client account information, (iv) clerical assistance in connection with client questions and account information research, (v) helping clients with using brokerage and account services such as periodic investment programs and check writing services, (vi) notifying custodian of certain customer complaints, and (vii) monitoring activity in client accounts.

## **COMPENSATION FOR THE SALE OF SECURITIES**

Clients have the option to purchase investment products recommended by LFA and the IARs through other brokers or agents that are not affiliated with LFA. Commissions and other compensation for the sale of investment products provide other sources of compensation for LFA and many of the IARs; however, commissions are not charged by LFA or the IARs in connection with transactions in Premier.

Depending on which product and/or service you purchase, you will receive materials that disclose important information, such as product prospectuses, client service agreements, applications, and disclosure brochures. You should read and evaluate this information carefully and contact your IAR with any questions.

LFA has agreements with certain mutual fund families, AI sponsors, insurance companies, third-party (or turn-key) asset management program ("TAMP") sponsors, Strategists, and other counterparties (collectively, "sponsors") under which sponsors provide additional compensation, sometimes called "marketing support," to LFA. These marketing support payments subsidize the cost of educational programs and marketing activities that are designed to help facilitate the utilization of these sponsors' programs, products, and services and to make our IARs more knowledgeable about these sponsors' programs, products, and services. In addition, these payments allow these sponsors' representatives to attend and participate in LFA conferences where IARs are present, one-on-one marketing meetings, and due diligence presentations. The method, timing, rate, and amount of these marketing support payments vary by sponsor, program, product, and service, but marketing support payments typically are paid using one or more of the following methodologies: payment of a percentage of each sale; payment of an annual fee based on a percentage of total LFA client assets held with the sponsor;



and/or payment of a flat annual fee. While payments vary by sponsor, sponsors generally pay LFA: up to 1.5% of the gross amount of each sale; up to 0.15% annually of total LFA client assets held with the sponsor; and/or flat annual fees that do not exceed \$1,500,000 annually. Accordingly, with respect to the arrangements where payments are based on a percentage of each sale or total client assets held with the sponsor, the payments LFA can receive will increase with the amount of client assets placed with the sponsor.

In addition to the marketing support payments that LFA receives through the formal marketing support arrangements described above, sponsors, including, but not limited to, those that have formal marketing support arrangements with LFA, make flat dollar payments to LFA from time to time. These payments are not made as part of any formalized agreement, but rather for specific activities, including, but not limited to, exhibit booth space, presentation opportunities at LFA meetings or similar events, attendance at conferences, educational events for IARs, and participation in other training and educational events. Some sponsors also reimburse LFA and, indirectly, IARs for certain expenses in connection with due diligence meetings, training and educational events, seminars that offer educational opportunities for clients, and similar events. Some sponsors also provide LFA and IARs with nominal gifts and gratuities, including, but not limited to, merchandise bearing the brand or logo of the sponsor.

The marketing support payments LFA receives from sponsors create incentives for LFA that result in conflicts of interest for LFA. In particular, LFA has an incentive to include the sponsors, programs, products, and services that make marketing support payments to LFA on LFA's platform and to recommend that you utilize sponsors, programs, products, and services that make such payments to LFA, rather than sponsors, programs, products, and services that do not make such payments to LFA. In addition, LFA has an incentive to include the sponsors, programs, products, and services that make the highest or relatively higher marketing support payments to LFA on LFA's platform and to recommend that you utilize those sponsors, programs, products, and services, rather than sponsors, programs, products, and services that make relatively lower marketing support payments to LFA. LFA mitigates these conflicts of interest by disclosing them to you, not sharing any of these revenues with the IARs that recommend sponsors, programs, products, or services for your account, and requiring that there be a review of your account and transactions at account-opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

Additional information regarding LFA's marketing support arrangements, including a list of sponsors with which LFA has formal marketing support arrangements, can be found in the marketing support disclosures available on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures. Please review these marketing support disclosures in detail and discuss any questions you may have with your IAR.

LFA, the IARs, and clients also receive the benefit of certain services provided by program sponsors and custodians. These services may include performance reporting, statement creation and delivery, technology systems including online access to account information, fee liquidation, notification and payment services, marketing material and other services related to the management of investment advisory accounts. Some of these services may involve additional charges to LFA, the IARs, or to clients, while others are packaged and available as part of an investment advisory program without itemization of the cost of each product or service.

## **IAR COMPENSATION**

Some IARs receive additional compensation and benefits (including, but not limited to, discounted Sponsor Fees and educational and other opportunities) for reaching certain levels of assets under management in LFA's investment advisory programs and certain other benefits (including, but not limited to, recognition trips) for generating a certain amount of revenue in investment advisory fees, commissions, or both within a certain time period, typically one year. Clients are not charged any additional fees due to these circumstances. However, the receipt of additional compensation and benefits presents a conflict of interest that may affect the judgment of the IAR. We mitigate this conflict by disclosing it to you and by requiring that there be a review of your account and transactions at account-opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

Most IARs can recommend annuities, model portfolios, and other products that are managed and/or sold by Lincoln Financial Group companies, including, but not limited to, LNL, provided that the recommendations are suitable and in the

client's best interest given the client's investment objectives, financial circumstances, and other characteristics. Lincoln Financial Group companies will profit when LFA clients purchase or use Lincoln Financial Group products as a result of IARs' recommendations. This presents a conflict of interest as LFA and the IARs have an incentive to recommend products based on the compensation they or their affiliates receive, rather than on a client's needs. We mitigate this conflict by disclosing it to you and by requiring that there be a review of your account and transactions at account-opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

In some cases, IARs receive more compensation when placing Lincoln Financial Group manufactured products and qualify for additional compensation based on the volume of those sales over time. IARs are also eligible for additional compensation and/or other incentives based on factors such as sales volume of certain Lincoln Financial Group products, the length of time that clients keep assets in the products, and/or the profitability of the products. IARs may also receive compensation based on the sales of Lincoln Financial Group products by other representatives. Some IARs participate in benefit programs whose costs are partially reimbursed by Lincoln Financial Group affiliates, and/or which are based on sales volume of Lincoln Financial Group products. LFA-affiliated companies will also benefit financially from the sale of Lincoln Financial Group life insurance, annuity, mutual fund and asset management products offered by IARs. These instances present conflicts of interest as these situations create a financial incentive for LFA and IARs to recommend products for which they or their affiliates receive higher compensation. We mitigate this conflict by disclosing it to you and attempting to ensure that IARs' and LFA registered representatives' recommendations are in your best interest, including by requiring that there be a review of your account and transactions at account-opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. Because of the way products are priced and marketed, in certain circumstances, IARs may receive higher compensation for the sale of products offered by companies not affiliated with Lincoln Financial Group.

Some more experienced IARs who moved their practices to LFA have received loans based on future sales of products and services offered by LFA, including both Lincoln Financial Group and non-Lincoln Financial Group products and services. In the past, some loans were offered based on Lincoln Financial Group products alone. Depending on the arrangement between LFA and the IAR, the repayment of certain of these loans may be fully or partly waived based on reaching certain sales levels or revenues generated by the IAR or the IAR's time spent affiliated with LFA or may be funded by additional compensation for these sales. This arrangement creates a conflict of interest for the IAR in that he or she has an additional financial incentive to achieve specified levels of sales or revenue generation, which could impact the recommendations made to customers. LFA has revised its production-based forgivable loan program to implement new required controls and policies. These controls and policies attempt to ensure that the loan amount provided to an IAR is not disproportionate to the IAR's overall production and compensation amounts earned historically. Additionally, the amount that may be forgiven in any one year of the term of the loan is capped, unless an exception is granted. This structure and approach attempt to avoid unduly influencing an IAR to have significant disproportionate production or compensation earned in any given year to attempt to receive a large windfall in having large outstanding loan amounts forgiven.

The conflicts of interest arising from the IAR compensation arrangements described above are mitigated by the fact that LFA, LNL and their affiliated companies have designed and implemented reasonable policies and procedures to help ensure that IARs make recommendations and provide advice that is in the best interest of their clients in compliance with applicable best interest requirements and fiduciary obligations. In addition, LFA maintains a supervisory system that includes conducting periodic supervisory and compliance inspections and audits related to the advice and recommendations being provided by IARs.

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#### **Item 6: Performance-Based Fees and Side-By-Side Management**

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LFA and the IARs do not charge fees based on a share of capital gains or capital appreciation of client assets.

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#### **Item 7: Types of Clients**

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LFA generally provides investment advisory services to Premier accounts for individuals, high net worth individuals, pension and profit-sharing plans, charitable organizations, corporations and other businesses, and state or municipal government entities.

Requirements for opening and maintaining an account, such as minimum account size, are listed above in the description for each advisory program or service, if applicable.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

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### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

LFA's investment services generally cover exchange-listed, over-the-counter and foreign securities, ETFs, warrants, fixed-income securities, options, annuities, insurance products, corporate debt, municipal securities, U.S. Treasury and government agency bonds, unit investment trusts, commercial paper, certificates of deposit, mutual fund shares, and other securities. Certain mutual funds, annuities, insurance products, and other managed investment products, including money market funds, may be managed or distributed by an affiliate of LFA.

#### **Premier Plus Program**

Each IAR managing a Premier Plus Program account chooses his or her own research methods, investment style, and management philosophy. The investment strategies used by an IAR may include long- and short-term purchases. IARs may use a number of sources of financial information in their analysis of securities, which may include financial publications, research reports, timing and rating services, annual reports, prospectuses and other SEC filings, among other sources of information. Research services are received in various forms, which may include written reports, electronic communications, software, meetings, or telephone contacts with individuals and companies in the securities and financial industries. Various methods of analysis may be used, including charting, technical and fundamental analysis.

Within the Premier Plus Program, the IAR will direct the investment and reinvestment of client assets in the Program Account. The Program Account will be managed by the IAR consistent with an investment style selected by the client using investments that may include mutual funds, ETFs, stocks, bonds, options, annuities, insurance products and other investments. On a periodic basis, the IAR will review the client's account and direct the management and allocation of the investments within the account depending on the client's investment objectives. Premier Plus Program accounts generally are managed on a non-discretionary basis. In certain circumstances, and only after specific written consent is obtained from the client and approved by LFA, a Premier Plus Program account may be managed on a discretionary basis by the IAR. Where discretionary authority is granted to the IAR, the authority is limited to trade authorization and does not extend to the transfer of money or securities from the account on behalf of the client, except for the purpose of debiting fees from the Program Account or such other account designated by the client for the payment of fees. Clients may impose reasonable limitations or restrictions on the IAR, including the IAR's discretionary authority. Any such limitations are to be in writing and may include, as an example, restrictions on the purchase of particular securities, industries or asset classes.

Where applicable, IARs may use a holistic approach in managing multiple accounts to a client's objectives and risk tolerance and for tax efficiency. LFA has tools that may be utilized in this regard or IARs may use their own expertise in making recommendations to address those concerns. A tool that may be used for this purpose is the Multi Account Management ("MAM") system, which allows for the merging of Premier Plus Program accounts into a management group. The management group has a single model attached to it that allows the aggregate of all accounts in the management group to be managed to a single financial objective and goal. This tool generally will direct taxable income producing assets to qualified accounts for tax efficiency purposes. The accounts will be grouped into a single performance reporting group, so clients will see their overall allocation in the aggregate in both online and quarterly performance reports. Since this tool is on a management group level, there may be fewer trades per account for clients. While the overall asset allocation of the management group as a whole may be aligned with the client's overall investment objectives and risk tolerance, the allocation and/or holdings of each individual account may vary.

### **RISK OF LOSS**

Investments made and the actions taken for client accounts are subject to various market, liquidity, currency, economic and political risks, among others, and will not necessarily be profitable. Investing in securities involves risk of loss that clients should be prepared to bear. Clients should understand that all investments involve risk, that investment performance can never be predicted or guaranteed and that the value of client accounts will fluctuate due to market conditions and other factors. Clients are assuming the risks involved with investing in securities and could lose all or a portion of the amount

held in their account. In addition, certain IARs have greater latitude in selecting securities and diversification for a client's account. As such, the performance of accounts managed by different IARs may vary greatly. Past performance is not a guarantee of future results.

In addition to the risks listed above, there are material risks associated with the types of products in which you invest, including, but not limited to, mutual funds, ETFs, interval funds, options, and annuities. Before investing, clients should refer to the prospectus or other applicable offering documents of those particular products for a discussion of risk factors applicable to those particular products and clients' investments therein.

### **Item 9: Disciplinary Information**

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LFA is a registered broker-dealer and investment adviser. While LFA and certain of its financial professionals have been the subject of legal and disciplinary events relating to their brokerage and investment advisory businesses, LFA does not view these events as being material to a client's evaluation of LFA's advisory business or the integrity of its management. Additional information regarding LFA's and its financial professionals' legal and disciplinary histories can be found in Part 1 of LFA's Form ADV, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), and on the Financial Industry Regulatory Authority, Inc.'s BrokerCheck website at <https://brokercheck.finra.org/>.

### **Item 10: Other Financial Industry Activities and Affiliations**

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In addition to LFA's registration as an investment adviser, LFA is also registered as a broker-dealer and sells stocks, bonds, ETFs, mutual funds, annuities, insurance products, options, and other investment products and services. IARs are also generally registered representatives of LFA. Some of LFA's executive officers are also officers of LNL and Lincoln Life & Annuity Company of New York. The proportion of time spent on each of these activities cannot be readily determined.

LFA is affiliated with the following companies due to common ownership by LNC:

- The Lincoln National Life Insurance Company (insurance company);
- Lincoln Life & Annuity Company of New York (insurance company);
- LFA, Limited Liability Company (insurance agency);
- Lincoln Financial Distributors, Inc. (broker-dealer);
- Lincoln Financial Securities Corporation (broker-dealer, investment adviser, and insurance agency);
- Lincoln Investment Advisors Corporation (investment adviser);
- First Penn-Pacific Life Insurance Company (insurance company);
- JPSC Insurance Services, Inc. (insurance agency);
- California Fringe Benefit and Insurance Marketing Corporation (insurance agency);
- LFD Insurance Agency, Limited Liability Company (insurance agency);
- Lincoln Financial Group Trust Company, Inc. (trust company);
- Lincoln Investment Management Company (investment adviser);
- Westfield Assigned Benefits Company (insurance agency); and
- Lincoln Life Assurance Company of Boston (insurance company).

Conflicts of interest are created by financial incentives and/or compensation arrangements between LFA and its affiliates. These conflicts of interest and the steps LFA takes to address them are described above in Item 5, Fees and Compensation.

LFA may recommend or select other investment advisers for clients and receive compensation directly or indirectly from those advisers. This creates a conflict of interest in that LFA and the IARs have a financial incentive to recommend advisers based on compensation paid. These conflicts of interest and the steps LFA takes to address them are described above in Item 5, Fees and Compensation.

LFA and your IAR may earn more compensation if you invest in a program described in this Brochure than if you open a brokerage account to buy individual mutual funds or other securities. However, in a brokerage account, you would not receive all the benefits of the programs described in this Brochure, such as ongoing investment advice and portfolio management. Therefore, IARs and LFA have a conflict of interest given their financial incentive to recommend one of the programs described in this Brochure. The decision to invest in an advisory program is solely that of the client. Clients are provided a full description of the services provided and fees applicable to each advisory program. We also require that there

be a review of your account and transactions at account-opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **CODE OF ETHICS**

LFA has adopted an Investment Adviser Code of Ethics (the “Code”) and all IARs and “access persons” (as defined under the Investment Advisers Act of 1940, as amended (the “Advisers Act”)) are required to understand and follow its provisions. Through the Code, LFA strives to ensure high standards of professional excellence and ethical conduct among its associates. The Code is aligned with Lincoln Financial Group’s long-standing shared values of: Integrity, Commitment of Excellence, Responsibility, Respect, Fairness, Diversity and Employee Ownership. LFA will provide a copy of the Code to any client or prospective client upon request. If you would like a copy of the Code, please call (800) 237-3813 or send an email request to [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

### **SECURITIES IN WHICH LFA HAS A FINANCIAL INTEREST**

LFA may engage in principal transactions mainly involving debt securities. When doing so, these securities are recommended to LFA’s clients on a fully disclosed basis and are conducted on a “riskless transaction” basis. Under these circumstances, LFA may buy or sell securities it recommends to its clients as a principal. All of this information is fully disclosed to clients through trade confirmations.

### **PERSONAL SECURITIES TRADING**

LFA, the IARs and other associated persons may buy or sell securities identical to those recommended to clients for their personal accounts. Moreover, the IARs can recommend buying and selling securities for their own accounts or for the accounts of other clients which differ from advice given or actions taken in providing advisory services to you. In addition, any related person may have an interest or position in certain securities which may also be recommended to clients. This creates a conflict of interest in that IARs have an incentive to put their own interests ahead of clients’ interests. LFA procedures require that client orders be placed ahead of orders for LFA accounts or accounts of IARs. Personal securities transactions by IARs are recorded and monitored by LFA. LFA procedures also prohibit LFA orders and orders for the benefit of IARs from being included in any applicable “block trades,” or orders aggregated across client accounts for the purpose of seeking cost-effective execution of client orders. LFA policies require that best execution be sought for all client orders in which LFA or the IARs are responsible for order entry. Where a conflict of interest exists, this is disclosed to the client in the client service agreement or the disclosure documents for that program.

## **Item 12: Brokerage Practices**

For some accounts in Premier, FBS serves as the broker-dealer with its affiliate, NFS, acting as custodian. Premier accounts may also be held with LFA serving as broker-dealer and NFS serving as custodian. Other Fidelity affiliates may serve as the broker-dealer and/or custodian for certain client accounts on Fidelity’s tax-exempt recordkeeping platform, as indicated in your account opening documentation. Clients generally must use NFS or one of its affiliates for execution services. By signing the SIS and client service agreement, client authorizes and directs LFA, the IAR, EPS and the Sub-Managers to trade through the applicable custodian. When LFA acts in the capacity of the broker-dealer on your account, it receives additional compensation which it would not otherwise receive if another firm acted in the capacity of the broker-dealer on your account. This additional compensation received by LFA, in its capacity as the broker-dealer on your account, creates a conflict of interest for LFA because LFA has a financial incentive to recommend itself as the broker-dealer on your account. LFA mitigates this conflict by disclosing it to you, not sharing any of the broker-dealer revenue it receives on Premier accounts with the IAR that recommends transactions or strategies for your account, and by requiring that there be a review of your account and transactions at account-opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

Not all advisers require clients to direct brokerage. By directing brokerage to a particular broker-dealer through the use of Premier, LFA clients may not be able to achieve the most favorable execution of securities transactions, and this practice may result in higher commissions or less favorable net prices that will cost clients more money. Clients have the option to

purchase investment products recommended by LFA and the IARs through other broker-dealers or agents that are not affiliated with LFA.

EPS, the Strategists and the Sub-Managers generally are free to consider NFS's trading capabilities versus other broker-dealers' and clearing firms' trading capabilities and to determine the appropriate execution venue for transactions in client accounts. As a result, EPS, the Strategists, and any Sub-Manager that has discretion may determine to direct trades away by executing a "step-out" trade from NFS when they conclude, in their sole discretion, that they will receive best execution for a particular transaction through another broker-dealer or clearing firm who may or may not impose additional execution costs for the trade. EPS, the Strategists, and the Sub-Managers may decide to execute step-out trades for any number of reasons, including, but not limited to, the type of security being traded or the desire to aggregate trades from multiple clients.

The brokerage practices for the advisory services discussed in this Brochure vary depending on the particular program or service. Because IARs generally do not have the authority to select broker-dealers and often are not authorized to place discretionary trade orders for client accounts, and because IARs manage their client accounts independently of one another based on each client's unique circumstances and investment objectives, IARs have limited opportunity to aggregate orders for the purchase or sale of securities for various client accounts. LFA does not require IARs to aggregate client orders. As a result, orders for each client's account are often placed independently. When IARs do not aggregate client orders for the same securities, some clients purchasing the same securities around the same time may receive a less favorable price or trade execution than other clients, which means that the practice of not aggregating orders may cost certain clients more money than other clients for similar trades.

Additionally, IARs often have both accounts that they manage on a non-discretionary basis and accounts that they manage on a discretionary basis. Because IARs are required to obtain client approval for each individual trade order in non-discretionary accounts, IARs often place trade orders for their non-discretionary accounts after they place trade orders for their discretionary accounts, which may result in non-discretionary accounts receiving different prices and trade execution than discretionary accounts for similar trades.

## **STEP-OUT TRADING**

As discussed in Item 5, Fees and Compensation, investment managers that have the discretion to execute "step-out" trades with broker-dealers other than NFS will incur additional commissions or other trading or transaction fees that client will pay as a result of a step-out trade. Any additional trading costs may negatively impact investment performance. However, the decision to execute a step-out trade may allow the manager to achieve better price execution. In addition, some managers do not pass the additional fees or costs on to the client.

In cases where an asset-based fee is assessed for trading costs, the asset-based fee does not cover charges resulting from "step-out" trades effected by an investment manager with broker-dealers apart from NFS. EPS and the investment managers described in this Brochure are generally free to consider other broker-dealers' trading capabilities versus NFS's trading capabilities as part of their duty to seek best-execution and obligations as investment advisers.

A "step-out" trade occurs in some instances when an investment manager purchases equity securities, fixed-income securities, derivatives (e.g., options), or other securities from a different broker-dealer or the broker or dealer selling the securities to obtain a more favorable price or because the particular security is not available through NFS.

In other instances, a "step-out" trade occurs when the investment manager executes a single trade for multiple clients by aggregating orders into a single "block." A "block" trade can provide the client with a better overall price and/or return because a single order could result in better execution versus placing multiple separate orders. When a third-party manager executes a "block" order, that manager is seeking to obtain the best-execution and best price. Aggregating transactions into a single trade may afford EPS, the Strategists, or the Sub-Managers more control over the execution of the trade, including potentially avoiding an adverse effect on the price of the security that could result from effecting a series of separate, successive and/or competing small trades with multiple broker-dealers or clearing firms.

Premier fees do not cover fees or charges resulting from trades effected with, or through, broker-dealers or clearing firms other than NFS, or mark-ups or mark-downs by any such other broker-dealers or clearing firms and, as such, clients will be responsible for any such additional execution costs in addition to the applicable program fees. Additional costs resulting



from step-out trades typically are included in the net price of the securities traded and typically will not be reflected as separately identifiable charges on your trade confirmations or account statements. It is expected that EPS, the Strategists, and the Sub-Managers would typically consider trades executed through NFS to be without commissions or retail mark-ups or mark-downs when comparing the cost of trading securities with other broker-dealers. LFA would expect such a comparison by an investment manager to generally result in a decision to execute most trades through NFS. However, EPS, the Strategists, and the Sub-Managers may from time to time believe they are able to obtain better execution utilizing step-out trades. Additionally, certain third-party managers participating in Premier have historically utilized step-out trades for a significant portion, if not all, of their trades in certain strategies available through Premier (including, but not limited to, certain fixed-income, options, and ETF strategies) and may do so in the future. As a result, clients utilizing these third-party managers' strategies will incur any additional fees and costs resulting from such step-out trades, which will increase their overall cost of participation in Premier.

Clients should review EPS's or the applicable Strategists' or Sub-Managers' Forms ADV, Part 2A to learn if they execute step-out trades and the criteria they use in selecting a broker-dealer or clearing firm to do so. Further information regarding the frequency of EPS, Strategist, and Sub-Manager utilization of step-out trades and a general description of the additional costs related to step-out trades can be found on our website at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv). If you have any questions regarding this information or step-out trading in your account and related costs, please contact your IAR.

## **BEST EXECUTION**

In placing orders for the purchase and sale of securities and directing brokerage to effect these transactions, an investment manager's primary objective is to obtain best qualitative execution for clients in each client transaction so that the client's cost per transaction is the optimal combination of price and service considering all relevant factors, including, but not limited to, the type of security, timeliness of execution, efficiency of execution, and any other relevant consideration. As such, an investment manager may choose to execute "step-out" trades as discussed above and as noted above in Item 5, Fees and Compensation.

For additional information on conflicts of interest created by the recommendation of a particular advisory program and the resulting broker-dealer or custodian, including compensation arrangements between LFA and the other broker-dealer or custodian, please see Item 5, Fees and Compensation, above.

## **Item 13: Review of Accounts**

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For Premier programs managed by EPS, client accounts, portfolio transactions and securities holdings are reviewed on a continuing basis by EPS. These accounts are reviewed periodically by the IAR and LFA although more frequent reviews may be completed based on significant market or economic developments, a change in a client's investment objectives or financial circumstances, or at the client's request. IARs usually receive quarterly reports of client accounts. These reports are reviewed periodically by LFA and/or the IAR and are reviewed with the client during annual reviews or as part of other meetings or discussions between the IAR and the client. For accounts in the Premier Plus Program, LFA utilizes a series of exception reports and surveillance processes to aid in the periodic review of accounts.

Clients receive a quarterly account statement from the custodian and a monthly activity statement from the custodian in months when there is qualifying activity. Clients will receive transaction confirmations for each transaction that occurs in their Program Account unless the client elects to waive receipt of transaction confirmations. Year-end tax summaries, including IRS Schedule D information, IRS 1099-INT and 1099-DIV, if applicable, are provided to clients. Clients also will receive a quarterly statement of account (in hard copy or electronic format) from the Premier vendor selected by LFA. Transaction confirmations and tax reports are provided by the custodian.

## **Item 14: Client Referrals and Other Compensation**

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For a description of the economic benefits received by LFA and IARs from entities who are not clients, as well as conflicts of interest created by those benefits and how they are addressed, please see Item 5, Fees and Compensation, above.

## **SOLICITOR RELATIONSHIPS**

Clients are obtained primarily through the efforts of IARs; however, solicitors periodically refer clients to LFA. Pursuant to Rule 206(4)-3 under the Advisers Act, LFA pays referral fees to certain solicitors as compensation for their client referrals. Rule 206(4)-3 under the Advisers Act requires LFA to document its arrangements with solicitors pursuant to written agreements between the parties. In addition, third-party solicitors are required to deliver to each client solicited on LFA's behalf a copy of LFA's Form ADV, Part 2A and a separate written disclosure document describing the relationship between LFA and the solicitor, including the compensation the solicitor is being paid to refer clients to LFA. The referral fees LFA pays to solicitors generally are a stated percentage of the advisory fees that referred clients pay to LFA. Any advisory fees paid by a referred client are agreed to by the client and are fully disclosed to the client in their client service agreement, SIS, and related account-opening documents and disclosures, regardless of any referral fees LFA pays to the solicitor.

## **OTHER COMPENSATION**

LFA and IARs receive economic benefits from third parties in a number of ways. Many of those are addressed in Item 5, Fees and Compensation, above.

If a client needs certain types of products or services that are not offered by LFA, LFA may refer the client to various third-party entities that provide these products or services. LFA may be paid referral fees by these third parties depending on the arrangement between LFA and the third party. Examples of these types of products and services include business valuation, foundation formation, tax strategies, trustee services, certain wealth management services, and other services.

### **Item 15: Custody**

Program Accounts will be held at a designated custodian. The custodian will forward confirmations of each purchase and sale to the client, unless client elects to waive trade confirmations for each individual purchase and sale transaction. Any such election is voluntary, and not a mandatory condition for establishing or maintaining a Program Account. Clients electing to waive receipt of individual transaction confirmations will continue to receive monthly statements providing information on all transactions taking place in the account.

LFA generally does not provide custodial services for client assets and all client accounts are required to be held with a qualified custodian. Clients will receive account statements from the broker-dealer or other qualified custodian that holds their accounts, and clients should carefully review these statements. It is important to compare the information on these statements with reports you receive from LFA, EPS and your IAR. Please note that there may be minor variations in these reports due to calculation methods. If you have any questions, please contact your IAR.

LFA and the IARs generally do not take possession of client funds or securities. However, in certain asset management programs, clients have authorized LFA to deduct advisory fees from their accounts. While LFA and the IARs do not accept authority to take possession of client assets, this level of account access is considered "custody" under Advisers Act rules. Additionally, LFA allows clients to grant authority to their IARs to initiate transfers of funds and securities on the client's behalf, including transfers to third parties, through standing written authorizations. The SEC has determined that this capability is considered "custody" under Advisers Act rules.

### **Item 16: Investment Discretion**

In the Premier Plus Program, LFA generally provides investment management services on a non-discretionary basis, meaning that LFA or the IAR obtains client authorization before entering any buy or sell orders in client accounts.

LFA will provide investment management services on a discretionary basis through the Premier Plus Program, where client consent is not needed prior to entering buy and sell orders in an account, only when written authorization providing discretionary authority is granted to the IAR by such client and the IAR is approved for such activity by LFA. In any event, discretionary authority is limited to trading, and will not extend to money movement, including the withdrawal of funds from the client's account, except as authorized in writing for the withdrawal of fees. Specific information regarding the terms of any discretionary trading authority granted to an IAR is found in the applicable client service agreement, limited



discretionary trading authorization, and supporting documentation that a client receives in connection with the Premier Plus Program.

#### **Item 17: Voting Client Securities**

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For the Premier Plus Program, the client shall be responsible for voting or otherwise acting on all matters for which a securityholder vote, consent, election or similar action is solicited by, or with respect to, issuers of securities beneficially held as part of the Program Accounts.

LFA does not accept authority to vote client securities or proxies. Clients will receive their proxies or other solicitations directly from their custodian, unless the client has provided proxy voting authority to a third party such as an investment manager. Clients should address any questions regarding a particular solicitation to their IAR.

#### **Item 18: Financial Information**

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LFA does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.

Lincoln Financial Advisors Corporation and Lincoln Financial Securities Corporation (both a part of Lincoln Financial Network or LFN) are committed to protecting your privacy. To provide the products and services you expect from a financial services leader, we must collect personal information about you. We do not sell your personal information to third parties. This Notice describes our current privacy practices. While your relationship with us continues, we will update and send our Privacy Practices Notice as required by law. Even after that relationship ends, we will continue to protect your personal information. This Notice explains our information sharing practices and provides information on how to contact us if you have questions regarding our privacy practices. You do not need take any action because of this Notice, but you do have certain rights as described below.

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## Information We May Collect And Use

We collect personal information about you to help us identify you as a consumer, our customer or our former customer; to process your requests and transactions; to provide customer service; to offer and provide investments, financial planning and insurance products and services to you; to pay your claim; to analyze in order to enhance our products and services; to tell you about our products or services we believe you may want and use; and as otherwise permitted by law. The type of personal information we collect depends on your relationship and on the products or services you request and may include the following:

- **Information from you:** When you submit your application or other forms, you give us information such as your name; address; Social Security number; and your financial, health, and employment history; and if applicable, financial and other information about your business. We may also collect voice recordings or biometric data for use in accordance with applicable law.
- **Information about your transactions:** We keep information about your transactions with us, such as the products you buy from us and the services you engage us to provide; the amount you paid for those products and services; your account balances; and your payment history.
- **Information from outside our family of companies:** If you are applying for or purchasing insurance products, we may collect information from consumer reporting agencies, such as your credit history; credit scores; and driving and employment records. With your authorization, we may also collect information, such as medical information, from other individuals or businesses.
- **Information from your employer:** If your employer applies for or purchases group products from us, we may obtain information about you from your employer or group representative in order to enroll you in the plan.

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## How We Use Your Personal Information

We may share your personal information within our companies and with certain service providers. They use this information to process transactions you, your employer, or your group representative have requested; to provide customer service; to assist us in offering and providing investments, financial planning, and insurance products and services; to analyze in order to enhance our products and services; to gain customer insight; and to inform you of products or services we offer that you may find useful. Our service providers may or may not be affiliated with us. They include financial service providers (for example, third party administrators; broker-dealers; insurance agents and brokers, financial professionals; reinsurers and other financial services companies with whom we have joint marketing agreements). Our service providers also include non-financial companies and individuals (for example, consultants; vendors; and companies that perform marketing services on our behalf). Information we obtain from a report prepared by a service provider may be kept by the service provider and shared with other persons; however, we require our service providers to protect your personal information and to use or disclose it only for the work they are performing for us, or as permitted by law.

When you apply for one of our products, we may share information about your application with credit bureaus. We also may provide information to group policy owners, or their designees (for example, to your employer for employer-sponsored plans and their authorized service providers), regulatory authorities and law enforcement officials and to others when we believe in good faith that the law requires disclosure. In the event of a sale of all or part of our businesses, we may share customer information as part of the sale. We do not sell or share your information with outside marketers who may want to offer you their own products and services; nor do we share information we receive about you from a consumer reporting agency. You do not need to take any action for this benefit.

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## Security of Information

We have an important responsibility to keep your information safe. We use safeguards to protect your information from unauthorized disclosure. Our employees are authorized to access your information only when they need it to provide you with products, services, or to maintain your accounts. Employees who have access to your personal information are required to keep it confidential. Employees are required to complete privacy training annually.

## Your Rights Regarding Your Personal Information

**Access:** We want to make sure we have accurate information about you. Upon written request we will tell you, within 30 business days, what personal information we have about you. You may receive a copy of your personal information in person or receive a copy electronically, or by mail, whichever you prefer. We will share with you who provided the information. In some cases, we may provide your medical information to your personal physician. We will not provide you with information we have collected in connection with, or in anticipation of, a claim or legal proceeding. If you request a copy of the information, we may charge you a fee for copying and mailing costs. In very limited circumstances, your request may be denied. You may then request that the denial be reviewed.

**Accuracy of Information:** If you feel the personal information we have about you is inaccurate or incomplete, you may ask us to amend the information. Your request must be in writing and must include the reason you are requesting the change. We will respond within 30 business days. If we make changes to your records as a result of your request, we will notify you in writing and we will send the updated information, at your request, to any person who may have received the information within the prior two years. We will also send the updated information to any insurance support organization that gave us the information, and any service provider that received the information within the prior 7 years. If your requested change is denied, we will provide you with reasons for the denial. You may write to request the denial be reviewed. A copy of your request will be kept on file with your personal information so anyone reviewing your information in the future will be aware of your request.

**Accounting of Disclosures:** If applicable, you may request an accounting of disclosures made of your medical information, except for disclosures:

- For purposes of payment activities or company operations;
- To the individual who is the subject of the personal information or to that individual's personal representative;
- To persons involved in your health care;
- For notification for disaster relief purposes;
- For national security or intelligence purposes;
- To law enforcement officials or correctional institutions; or
- For which an authorization is required.

You may request an accounting of disclosures for a time period of less than six years from the date of your request.

**Basis for Adverse Underwriting Decision:** You may ask in writing for the specific reasons for an adverse underwriting decision. An adverse underwriting decision is where we decline your application for insurance, offer to insure you at a higher than standard rate, or terminate your coverage.

Your state may provide for additional privacy protections under applicable laws. We will protect your information in accordance with these additional protections.

If you would like to act upon your rights regarding your personal information, please provide your full name, address and telephone number and either email your inquiry to our Data Subject Access Request Team at [DSAR@lfg.com](mailto:DSAR@lfg.com) or mail to: Lincoln Financial Group, Attn: Corporate Privacy Office, 7C-01, 1301 S. Harrison St., Fort Wayne, IN 46802. The [DSAR@lfg.com](mailto:DSAR@lfg.com) email address should only be used for inquiries related to this Privacy Notice. For general account service requests or inquiries, please call 1-877-ASK-LINC.

**When Financial Professionals Leave Lincoln Financial Network:** We understand that the relationship you have with your financial professional is important to you. If your financial professional's affiliation with LFN ends and they choose to move to a different broker-dealer, or if your financial professional's relationship with LFN is terminated, your LFN financial professional may be allowed to take with them copies of all client and account documentation (including but not limited to: account applications; customer statements; and other pertinent forms related to your account), so your financial professional is able to continue the relationship with you and service your account through their new firm. LFN will also retain copies of your client and account documentation. You do not need to take action if you choose to allow your LFN financial professional to keep copies of your confidential information should they leave LFN.

If you do not want your financial professional to keep copies of your confidential information should they decide to end the relationship with LFN in the future, you have the right to opt out\*. If your account with us is a joint account, we will treat the opt out request by a joint account owner as applying to all owners on the account. If you choose to opt out now, or at any time in the future, or wish to withdraw your opt out request, contact us by phone at 1-800-248-2285. If you choose to opt out there will be a 30-day period before your opt out will take effect.

\*Lincoln adheres to all applicable state and federal privacy regulations. Residents of Arizona, California, Connecticut, Georgia, Maine, Massachusetts, Minnesota, Montana, Nevada, New Mexico, New Jersey, North Carolina, North Dakota, Ohio, Oregon, Vermont, and Virginia will be provided an opportunity to opt in for information sharing per applicable state law. If you reside in one of these states, written authorization must be provided to your financial professional in order for them to take your information when they leave LFN.

\*\*This information applies to the following Lincoln Financial Network companies:

Lincoln Financial Advisors Corporation  
Lincoln Financial Securities Corporation  
JPSC Insurance Services, Inc.  
LFA, Limited Liability Company