

**Item 1: Cover Page**  
**Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure**  
**February 2021**



**Wrap Program**

**Sponsored by:**

**Cooper McManus Wealth Management**  
**9870 Research Drive**  
**Irvine, CA 92618**  
**[www.coopermcmanus.com](http://www.coopermcmanus.com)**

**Firm Contact:**  
**Arthur Y. Cooper**  
**Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Cooper Financial Group dba Cooper McManus. If clients have any questions about the contents of this brochure, please contact us at 1(800) 516-5333. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #111458.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

Cooper McManus is required to make clients aware of information that has changed since the last annual update to the Wrap Brochure ("Wrap Brochure") and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

Since the last annual amendment filed on March 25<sup>th</sup>, 2020, we have no material changes to report.

### Item 3: Table of Contents

Item 1: Cover Page .....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	3
Item 4: Services, Fees & Compensation.....	4
Item 5: Account Requirements & Types of Clients .....	5
Item 6: Portfolio Manager Selection & Evaluation.....	5
Item 7: Client Information Provided to Portfolio Manager(s) .....	10
Item 8: Client Contact with Portfolio Manager(s).....	10
Item 9: Additional Information.....	10

---

## Item 4: Services, Fees & Compensation

Our firm manages assets for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing the client. Our firm has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

Our firm sponsors and offers a wrap fee program, which allows clients to pay a single fee for investment advisory services and associated custodial transaction costs. Transaction fees will be paid by our firm based on a percentage of the dollar amount of assets in the account(s) or via individual transaction charges. Because our firm absorbs client transaction fees, an incentive exists to limit trading activities in client accounts. Custodial transaction costs, however, are not included in the advisory fee charged by our firm for non-wrap services, and are to be paid by the client to their chosen custodian. Depending on the client's account or portfolio trading activity, clients may pay more for using our wrap fee services than they would for using our non-wrap services.

Our recommended custodian TD Ameritrade, Inc. ("TD Ameritrade"), does not charge transaction fees for U.S. listed equities and exchange traded funds. Additionally, through our relationship with Cambridge Research Inc., your assets may be custodied at National Financial Services LLC and Fidelity Brokerage Services (collectively "Fidelity") which eliminated transaction fees for U.S. listed equities and exchange traded funds for clients who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity. Since we pay the transaction fees charged by the custodian to clients participating in our wrap fee program, this presents a conflict of interest because we are incentivized to recommend equities and exchange traded funds over other types of securities in order to reduce our costs.

### **Our Wrap Advisory Services**

---

#### **Cooper McManus Wrap Asset Management:**

As part of our Cooper McManus Wrap Asset Management service, a portfolio is created, consisting of individual stocks, bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives.

The maximum annual fee charged for this service will not exceed 2.10%. Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Annualized fees are billed on a pro-rata basis monthly in advance based on the value of the account(s) on the last day of the previous month. Fees are negotiable and will be deducted from client account(s). Monthly adjustments will be made for deposits that exceed \$1,000. In rare cases, our firm will agree to directly invoice. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;

- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

### **Other Types of Fees & Expenses:**

In addition to our advisory fees above, clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

### **Termination and Refunds:**

Either party may terminate the advisory agreement signed with our firm for Cooper McManus Wrap Asset Management services in writing at any time. Upon notice of termination our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance.

### **Wrap Fee Program Recommendations:**

In exchange for a percentage of the overall fee charged, our firm recommends the use of Cambridge Research Inc.'s wrap services via the WealthPort Wrap Fee Program. This creates an incentive to recommend client use of these services rather than a non-wrap program as our firm and the wrap program's sponsor may stand to earn higher fees if client accounts are not actively traded.

---

## **Item 5: Account Requirements & Types of Clients**

Our firm has the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit-Sharing Plans;
- Corporations, Limited Liability Companies and/or Other Business Types

Our firm does not impose requirements for opening and maintaining accounts or otherwise engaging us.

---

## **Item 6: Portfolio Manager Selection & Evaluation**

### **Selection of Portfolio Managers:**

Our firm's investment adviser representatives ("IARs") act as portfolio manager(s) for this wrap fee program. A conflict arises in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our IARs are subject to individual licensing requirements as imposed by state securities boards. Our firm is required to confirm or update each IAR's Form U4 on an annual basis. IAR supervision is conducted by our Chief Compliance Officer or management

personnel. Our firm also selects and reviews outside portfolio managers, either individually or firm-wide, based on past performance, investment philosophy, market outlook, experience of associated portfolio managers and executive team, disciplinary, legal and regulatory histories of the firm and its associates, and/or whether compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, and/or anti-money laundering. Outside portfolio managers are reviewed and selected based on the following factors:

- past performance;
- investment philosophy;
- market outlook;
- experience of portfolio managers and executive team;
- disciplinary, legal and regulatory histories of the firm and its associates; and
- whether established compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, anti-money laundering.

### **Advisory Business:**

Information about our wrap fee services can be found in Item 4 of this brochure. Our firm offers individualized investment advice to our Wrap Asset Management clients.

Each Wrap Asset Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

### **Participation in Wrap Fee Programs:**

Our firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. All accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

### **Performance-Based Fees & Side-By-Side Management:**

Our firm does not charge performance-based fees.

### **Methods of Analysis**

We use fundamental analysis when considering investment strategies and recommendations for clients. Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this

method of valuation can be used for just about any type of security.

We evaluate the potential benefits and risks inherent within investment categories. Investment characteristics are then matched to the client's needs and preferences to determine an appropriate mix of investment vehicles. Individual securities within a particular investment category are selected based on fundamental analysis. When managing assets, we may use model mutual fund asset allocation portfolio programs provided by a number of institutional investment managers and strategists.

There are risks with using this analysis method. Fundamental analysis takes a long-term approach to analyzing markets, often looking at data over a number of years. The data reviewed is released over years (e.g., quarterly financial statements). Therefore, fundamental analysis could mean a gain is not realized until a security's market price rises to its "correct" value over the long run--perhaps several years. The less frequent trading practices of fundamental analysis could also have a positive or negative impact on a client's portfolio value, but likely has reduced brokerage and transaction costs.

### **Investment Strategies We Use**

When implementing investment advice, our investment strategies include:

**Long-Term Purchases:** Our firm may buy securities for your account and hold them for a relatively long time (more than a year) in anticipation that the security's value will appreciate over a long horizon. The risk of this strategy is that our firm could miss out on potential short-term gains that could have been profitable to your account, or it's possible that the security's value may decline sharply before our firm makes a decision to sell.

**Short-Term Purchases:** When utilizing this strategy, our firm may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). Our firm does this in an attempt to take advantage of conditions that our firm believes will soon result in a price swing in the securities our firm purchase.

**Trading:** Our firm purchase securities with the idea of selling them very quickly (typically within 30 days or less). Our firm does this in an attempt to take advantage of our predictions of brief price swings. Trading involves risk that may not be suitable for every investor, and may involve a high volume of trading activity. Each trade generates a commission and the total daily commission on such a high volume of trading can be considerable. Active trading accounts should be considered speculative in nature with the objective being to generate short-term profits. This activity may result in the loss of more than 100% of an investment.

**Options:** An option is a financial derivative that represents a contract sold by one party (the option writer) to another party (the option holder, or option buyer). The contract offers the buyer the right, but not the obligation, to buy or sell a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). Options are extremely versatile securities. Traders use options to speculate, which is a relatively risky practice, while hedgers use options to reduce the risk of holding an asset. In terms of speculation, option buyers and writers have conflicting views regarding the outlook on the performance of a:

- *Call Option:* Call options give the option to buy at certain price, so the buyer would want the stock to go up. Conversely, the option writer needs to provide the underlying shares in the

event that the stock's market price exceeds the strike due to the contractual obligation. An option writer who sells a call option believes that the underlying stock's price will drop relative to the option's strike price during the life of the option, as that is how he will reap maximum profit. This is exactly the opposite outlook of the option buyer. The buyer believes that the underlying stock will rise; if this happens, the buyer will be able to acquire the stock for a lower price and then sell it for a profit. However, if the underlying stock does not close above the strike price on the expiration date, the option buyer would lose the premium paid for the call option.

- **Put Option:** Put options give the option to sell at a certain price, so the buyer would want the stock to go down. The opposite is true for put option writers. For example, a put option buyer is bearish on the underlying stock and believes its market price will fall below the specified strike price on or before a specified date. On the other hand, an option writer who sells a put option believes the underlying stock's price will increase about a specified price on or before the expiration date. If the underlying stock's price closes above the specified strike price on the expiration date, the put option writer's maximum profit is achieved. Conversely, a put option holder would only benefit from a fall in the underlying stock's price below the strike price. If the underlying stock's price falls below the strike price, the put option writer is obligated to purchase shares of the underlying stock at the strike price.

The potential risks associated with these transactions are that (1) all options expire. The closer the option gets to expiration, the quicker the premium in the option deteriorates; and (2) Prices can move very quickly. Depending on factors such as time until expiration and the relationship of the stock price to the option's strike price, small movements in a stock can translate into big movements in the underlying options.

## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, and that their assets are appropriately diversified in investments. Clients are encouraged to ask our firm any questions regarding their risk tolerance.

- **Market Risk.** Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- **Equity (Stock) Market Risk.** Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- **Company Risk.** There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set



time.

- **Fixed Income Risk.** Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **ETF and Mutual Fund Risk.** ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs
- **Management Risk.** Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you borrow part of the purchase price then you are engaging in margin transactions and there is risk involved with this. The securities held in your margin account are collateral for the custodian or clearing firm that loaned you the money. If those securities decline in value, then the value of the collateral supporting your loan also declines. As a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account. It is important that you fully understand the risks involved in trading securities on margin, including:

- You can lose more funds than you deposit in your margin account
- The account custodian or clearing firm can force the sale of securities or other assets in your account
- The account custodian or clearing firm can sell your securities or other assets without contacting you
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and are not required to provide you advance written notice
- You are not entitled to an extension of time on a margin call

### **Description of Material, Significant or Unusual Risks**

Our firm generally invests client cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, our firm tries to achieve the highest return on client cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to our Asset Management, service, as applicable.

### **Voting Client Securities:**

Our firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent

to our firm, our firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Third party money managers selected or recommended by our firm may vote proxies for clients. Except in the event a third-party money manager votes proxies, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for proxies that may be voted by a third-party money manager), our firm and/or the client shall instruct the qualified custodian to forward to copies of all proxies and shareholder communications relating to the client's investment assets.

---

### **Item 7: Client Information Provided to Portfolio Manager(s)**

All accounts are managed by our in-house licensed IARs. The IAR selected to manage the client's account(s) or portfolio(s) will be privy to the client's investment goals and objectives, risk tolerance, restrictions placed on the management of the account(s) or portfolio(s) and relevant client notes taken by our firm. Please see our firm's Privacy Policy for more information on how our firm utilizes client information.

---

### **Item 8: Client Contact with Portfolio Manager(s)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns about their portfolios or other matters.

---

### **Item 9: Additional Information**

---

#### **Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

---

#### **Financial Industry Activities & Affiliations**

Some representatives of our firm are registered representatives of Cambridge Investment Research, Inc., member FINRA/SIPC, and licensed insurance agents. As a result of these transactions, they receive normal and customary commissions. A conflict of interest exists as these commissionable securities sales create an incentive to recommend products based on the compensation earned. To mitigate this potential conflict, our firm will act in the client's best interest.

Some representatives of our firm are licensed or non-practicing attorneys. Legal services are not offered through our firm. Should a client of our firm require legal services, they will be referred to a separate attorney. Our firm will not receive any additional compensation for these referrals.

Some representatives of our firm are licensed real estate agents. As a result, they may receive customary fees associated with real estate transactions. These services are independent of our

advisory services and are governed under a separate engagement agreement. Clients are under no obligation to utilize this service and will not be actively solicited.

### **Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

---

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons may buy or sell the same securities prior to buying or selling for our clients in the same day however these trades are monitored by a third-party software program. If a related person receives a better price the program swaps the better deal into Clients' account(s) and settles the worse deal in the related person's advisory account(s). Otherwise related persons may trade alongside clients in a block trade.

---

<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

## **Review of Accounts**

---

Our management personnel or financial advisors review accounts on at least a quarterly basis for our Wrap Asset Management clients. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. Our firm does not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when our Wrap Asset Management clients are contacted.

## **Other Compensation**

---

### **TD Ameritrade**

Our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. As such, our firm may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give our Clients, although our firm receives economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duty to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

### **Cambridge Investment Research, Inc.**

Some of our dually registered Advisor Representatives receive a loan and/or grant from Cambridge at the time of their affiliation with the firm. The loan and/or grant is typically used to assist with costs associated with transitioning from their prior firm to Cambridge. If the amount of the loan or grant exceeds the cost of transition, the recipient uses the remaining funds for other purposes, such as

normal operational costs. Some loans are forgiven based on certain criteria such as maintaining certain asset levels and tenure with the firm.

The receipt of a loan or grant from Cambridge presents a conflict of interest in that the dually registered representative has a financial incentive to maintain a relationship with Cambridge and recommend Cambridge to clients. However, to the extent that the dually registered representative recommends Cambridge to clients, it is because he/she believes that it is in the client's best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by Cambridge and its affiliates.

Some dually registered representative receive transition assistance which can include but is not limited to technology services, administrative support, reimbursement of fees associated with moving accounts and attendance to conferences. This practice represents a conflict of interest in that the dually registered representative has a financial incentive to affiliate with and recommend Cambridge to clients.

### **Product Sponsor Funded Events**

---

In an effort to keep our clients informed as to the services we offer and the various financial products we utilize, our firm occasionally sponsors events in conjunction with our product providers. These events are educational in nature, and are not dependent upon the use of any specific products. While a conflict of interest may exist given that these events are at least partially funded by product sponsors, all funds received from the sponsors are used for the education of our clients, and we will always adhere to our fiduciary duties in selecting appropriate investments for our clients.

### **Client Referrals**

---

Our firm pays referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to the referred client. In this regard, our firm maintains Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, our firm ensures that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If our firm is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

### **Financial Information**

---

Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.
- Our firm does not take custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- Our firm has never been the subject of a bankruptcy proceeding.

Our firm, and some of our investment advisor representatives have applied for and obtained financial assistance by participating in Paycheck Protection Program (“PPP”) established by the U.S. Small Business Administration (“SBA”). PPP is intended to assist us with maintaining our business in response to the COVID-19 pandemic by providing low-interest loans for business essentials. These loans are eligible for forgiveness, but it is not guaranteed as it will be based on factors such as being used for payroll, overhead, and any outstanding interest payments that continue to be serviced by the firm.