

FORM ADV PART 2A

Current as of May 19, 2021

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This brochure provides information about the qualifications and business practices of Triad Hybrid Solutions, LLC. If you have any questions about the contents of this brochure, please contact us at (866) 580-8219. Triad Hybrid Solutions, LLC is registered with the Securities and Exchange Commission (SEC) as a registered investment adviser. Registration does not imply any level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Triad Hybrid Solutions, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 - MATERIAL CHANGES

Triad Hybrid Solutions, LLC filed its last annual amendment to its Form ADV Part 2A Brochure on March 31, 2021. Since then, the following changes have occurred:

- Item 10 – Other Financial Industry Activities and Affiliations: Valor Insurance Agency, Inc. has been removed from the list of Other Industry Affiliates.

Will I receive a brochure every year?

We may, at any time, update this brochure. Any material changes will either be sent to you as a summary of those changes or, depending on the extent of these changes, you will receive the entire updated brochure.

May I request additional copies of the brochure?

Absolutely. You may request and receive additional copies of this brochure in one of three ways: Contact your Advisor with whom you are working with.

Download the brochure from the SEC website at www.adviserinfo.sec.gov. Select “investment adviser firm” and type in our Firm name. Contact the Investment Advisory Compliance Department at 866-580-8219.

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ITEM 4 - ADVISORY BUSINESS

Triad Hybrid Solutions, LLC ("THS") is registered as an investment adviser with the Securities and Exchange Commission ("SEC"). SEC File No. 801-80075, in order to offer investment advisory products and services to its advisory clients. Such services are offered through certain Financial Advisers ("FAs") who have registered as Investment Adviser Representatives ("Advisory Representative"). Registration does not imply a certain level of skill or training. THS is a wholly-owned subsidiary of Advisor Group Holdings, Inc., which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes, RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P., and The Berliniski Family 2006 Trust.

THS will henceforth be referred to as "we", "us", "our" or the "Firm". THS is a limited liability company organized under the laws of the State of Florida on April 15, 2014.

We manage, as of December 31, 2020, \$3,547,492,580 of assets on a discretionary basis and \$259,771,971 on a non-discretionary basis.

TYPES OF ADVISORY SERVICES

As described below, THS offers several types of advisory programs or services including: 1) third-party programs that allow access to money managers that specialize in specific assets categories, various investment strategies, and model programs based on a client's risk tolerance and investment objectives; 2) financial planning and consulting services; 3) retirement plan services; 4) flexible managed account services (including wrap programs), or a combination of these services. Each of these services is tailored to the individual needs of each client based on the client's investment objectives, risk tolerance, and investment time horizon, and any investment guidelines or reasonable restrictions. However, certain programs, or 3rd party money managers alone would not be tailored to the individual needs of the client, because they are only one part of an overall strategy to meet each client's specific investment goals. For example, part of a client's portfolio may include a small cap manager that invests only in higher risk small cap companies, and that strategy by itself would not be suitable for the client, but as part of an overall asset allocation would be.

ADVISORY AND REPRESENTATIVE MANAGED ACCOUNT SERVICES: ALLY AND COUNSEL

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

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

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

THIRD-PARTY CONSULTING SERVICES PROGRAM: PARTNER

THS offers a wide range of 3rd party Programs designed to offer a wide range of asset classes and strategies that our clients can invest through. Clients inform their Advisory Representative of the investment objectives, risk

tolerance, and investment time horizon, and any investment policies, guidelines, or reasonable restrictions applicable to the assets they designate for investment through our advisory programs. Based on the information provided, the Advisory Representative assists the client in selecting one or more third-party advisory programs. Certain programs are sponsored by Triad Advisors, LLC ("Triad Advisors") and Ladenburg Thalmann Asset Management ("LTAM"), companies affiliated with THS, or by unaffiliated managers. THS has a conflict of interest in recommending programs sponsored by Triad Advisors and LTAM because THS and its affiliates earn more total compensation than if the client selects an unaffiliated program. Advisory Representatives may receive different compensation in connection with different programs, regardless of whether the program is sponsored by Triad Advisors and LTAM. Thus, our Advisory Representatives have an incentive to recommend certain programs over others. THS addresses these conflicts of interest through its policies and procedures that among other things require Advisory Representatives to make suitable recommendations.

THS may provide additional consulting services in connection with particular programs. The consulting services that Advisory Representatives provide in connection with a particular program are set forth in the agreement that the client signs with THS. These services may include assistance with the selection of portfolio managers, the selection of investment strategies, and the allocation of assets among managers or strategies. THS and other managers may have trading discretion over any client assets in these programs as provided in the investment advisory agreement entered into by the client. The client will receive a disclosure brochure describing each program selected. The client may also receive a disclosure brochure describing each portfolio manager selected. Clients should read these programs carefully before deciding whether to invest through a particular program or select a particular portfolio manager.

THS currently recommends the following third-party programs to its clients. Other programs may be added to this list at THS's discretion. Similarly, THS may remove a program from this list at any time.

- LTAM – Investment Consulting Services ("ICS"), the Ladenburg Thalmann Asset Management ("LTAM") – ICS, the LAMP Program and the LAMP - Managed Annuity Program
- Envestnet
- AssetMark
- SEI Investments Management Corp

FINANCIAL PLANNING AND RELATED CONSULTING SERVICES

THS offers financial planning services including, but not limited to, the following:

- Personal Financial Planning
- Insurance and Estate Planning
- Capital Need Analysis
- Tax & Cash Flow
- Retirement Planning
- Investment Analysis and Planning
- Education Planning
- Performance Reports

Clients who desire financial planning services will enter into a Financial Planning and Consulting Agreement ("Planning Agreement") that describes the services to be provided and the fees for those services. Clients will receive a written financial plan consistent with the type of planning service requested. Clients are under no obligation to act on THS's recommendations. If a client does elect to act on any or all of the recommendations, the client is under no obligation to affect any transactions through THS, the Advisory Representative or other associated person of THS, or any affiliate of THS. Except for securities for which an affiliate of THS serves as the exclusive underwriter, clients have the option to purchase investment products that THS recommends through other investment advisers, brokers or agents that are not affiliated with THS. If a client chooses to use THS or an affiliate to implement any recommendations made in the financial plan, the client will usually incur additional fees or costs in connection with the implementation of the plan, as those activities are separate and distinct from the financial planning services.

RETIREMENT PLAN SERVICES

THS offers consulting and advisory services for employer-sponsored retirement plans that are designed to assist plan sponsors of employee benefit plans ("Sponsors"). THS also assists Sponsors with enrollment and/or providing investment education to plan participants and beneficiaries. THS provides these retirement plan services ("Retirement Plan Services") through our Advisory Representatives and may charge a fee for the Retirement Plan

Services, as described in the section below “Fees and Compensation” and our Retirement Plan Agreements (“Plan Agreement”).

Retirement Plan Services are either ERISA Fiduciary Services or ERISA Non-fiduciary Services. ERISA Non-fiduciary Services may be performed only so that they would not be considered fiduciary services under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). When delivering ERISA Fiduciary Services, THS will perform those services to the plan as a fiduciary under ERISA Section 3(21)(A)(ii) and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. When providing any ERISA Fiduciary Services, THS will solely be making recommendations to the Sponsor and the Sponsor retains full discretionary authority or control over assets of the plan.

THS may serve as a “fiduciary” as that term is defined in Section 3(38) of ERISA, also an affiliate such as Ladenburg Thalmann or another third-party manager may also act as a 3(38) Investment Manager in our stead.

Sponsors may engage THS to perform Retirement Plan Services that take into account plan design, plan objectives, investment objectives, investment risk tolerance, demographics about plan participants, and information about third-party service providers. THS will provide Sponsors a copy of this Form ADV Part 2 and the Agreement for review. The Agreement describes the terms of the arrangement between THS and the Sponsor, including a description of the Retirement Plan Services and the fees to be charged by THS. By signing the Plan Agreement, the Sponsor represents that Sponsor has received sufficient information and determined that the Retirement Plan Services selected are: (i) necessary for the operation of the plan and (ii) reasonable and appropriate based upon the compensation to be paid for the Retirement Plan Services. Sponsor must sign and submit the Plan Agreement to THS before THS performs any Retirement Plan Services. Descriptions of Retirement Plan Services are available upon request.

In providing Retirement Plan Services, THS and its Advisory Representatives establish client relationships with one or more plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation: 1) as a result of a decision by the participant or beneficiary to purchase services from THS not involving the use of plan assets; 2) as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relate exclusively to assets held outside of the plan; or 3) through an Individual Retirement Account rollover (“IRA Rollover”). THS Advisory Representatives will not, however, solicit services from plan participants or beneficiaries when providing Retirement Plan Services on behalf of the Sponsors. If THS is providing Retirement Plan Services to a plan, Advisory Representatives may, when requested by a plan participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement that excludes any investment advice on plan assets (but may consider the participant’s or beneficiary’s interests in the plan in providing that service).

ITEM 5 - FEES AND COMPENSATION

THS is compensated for its advisory services as described below. The specific fees and the manner in which they are charged by THS are described in the applicable agreement between the client and THS. All fees are negotiable. Client may pay THS more or less than they might otherwise pay if the same services were purchased through one or more other service providers are investment advisers.

ADVISORY REPRESENTATIVE MANAGED ACCOUNT SERVICES

Generally, fees for managed accounts are based on a percentage of the market value of assets under management including cash. The Management Fee compensates THS and the Advisory Representative for the asset management services, investment advice and recommendations provided. The value of the assets will be based on information provided by the custodian of the assets, the client or other third party, as applicable. THS is entitled to rely on the financial and other information that the client, any custodian, or any other third party provides to THS. THS does not independently verify this information nor does THS guarantee the accuracy or validity of such

information. Clients generally instruct the custodian to take instructions from THS to debit the fee from one of the client's accounts.

ALLY ACCOUNT

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

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

The fee rate may be a flat annual fee rate, a tiered rate, or a breakpoint schedule. A linear or flat fee rate is a flat fee percentage applied to all billable assets. When a breakpoint fee rate is selected, the entire household, portfolio or account value is charged at the rate that corresponds to the asset value range in which billable asset values fall. The rates are subject to negotiation between the Advisory Representative and each client. The fee is negotiable based on a variety of factors, such as size and type of account, complexity, range of services utilized, etc. In a tiered fee rate schedule, the household, portfolio or account value is charged the corresponding fee percentage within each range. Please review the applicable client agreement for the availability of each option.

In addition to the advisory fee, accounts are assessed transaction charges by the chosen custodian. These transaction charges may be higher or lower than transaction charges or commissions clients may pay at other broker-dealers. Transactions may be subject to additional fees charged by the custodian. The chosen custodian will provide full disclosure with respect to its services and related costs.

COUNSEL ACCOUNT

The Counsel Wrap Account has no minimum account size and advisory fees are negotiable. Clients have the option of choosing monthly or quarterly billing for the majority of accounts as well as the billing methodology (linear, tiered

or breakpoint); these elections are made on the applicable advisory agreement. The basic asset-based fee schedule for the Account is as follows:

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

The wrap fee rate may be a flat annual fee rate, a tiered rate, or a breakpoint schedule. A linear or flat fee rate is a flat fee percentage applied to all billable assets. When a breakpoint fee rate is selected, the entire household, portfolio or account value is charged at the rate that corresponds to the asset value range in which billable asset values fall. The rates are subject to negotiation between the Advisory Representative and each client. The Wrap

Fee is negotiable based on a variety of factors, such as size and type of account, complexity, range of services utilized, etc. In a tiered fee rate schedule, the household, portfolio or account value is charged the corresponding fee percentage within each range. Please review the applicable client agreement for the availability of each option

The Counsel Account is a Wrap program under which the client pays a single fee that covers the Advisory Representative's advice and the execution of transactions through a broker-dealer. These programs are described in the Counsel wrap fee brochure, which is available upon request. Clients should understand that the wrap fee may cost the client more than purchasing the program services separately, for example, paying fees for the advisory services of the program and Advisory Representative, plus transaction charges for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the: 1) type and size of the account; 2) types of securities in the account; 3) historical and or expected size or number of trades for the account; and 4) number and range of supplementary advisory and client-related services provided to the client. THS typically manages accounts in the wrap programs differently than the accounts that pay transaction fees because of the different nature of the services provided.

However, all accounts are managed with the objective to reach each the clients stated goals within their time horizon and risk tolerance, among other factors.

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

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

THIRD-PARTY CONSULTING SERVICES: PARTNER

THS offers its clients access to multiple third-party managers including turnkey asset management programs. Most of these third-party management programs are provided under "wrap fee" arrangements, in which the client pays a single fee for advisory and execution services as described above. The fees that clients pay in connection with the third-party programs are set forth in the program agreement that clients sign. The Partner account may have minimums imposed by Investment Managers ("Managers") participating in the program. THS either receives a portion of the fee collected by the third-party program sponsor or it charges a separate fee for its consulting services. The fee is charged and paid as described in the applicable agreement and program brochure. The Advisory Representative on the account receives all, or substantially all, of the fee received by THS. These programs and their characteristics are more fully described in THS' Partner Account Brochure, which is available to any client or prospective client upon request.

FINANCIAL PLANNING AND RELATED CONSULTING SERVICES

For a full written financial plan, the fee charged will be agreed upon between the Advisory Representative and the client, which will be quoted prior to the contract being executed. The fee for this service will be determined according to the complexity of the plan as well as the extent of services desired. Fees may be negotiable and will be set forth in the client's contract. Fees may also be charged on an hourly rate and agreed upon between the Advisory Representative and the client.

Fees are paid upon completion of the plan and directly billed to the client unless agreed upon differently between the Advisory Representative and the client. The contract may be terminated by either party upon submission of a written notice to the other party. We will, upon written request, refund fees prorated to the amount of work completed. Clients who terminate the contract within five (5) business days of signing the contract shall be provided full refund. Fees that are paid in advance will be prorated to the date of termination, and any unearned portion will be refunded back to clients.

The Fee covers only the financial planning and consulting services provided by THS under the contract. In addition, clients who choose to implement any recommendations contained in the financial plans or in the consulting

arrangements through THS or any of its Advisory Representatives or affiliates will incur additional advisory fees, costs and charges as further discussed below.

RETIREMENT PLAN SERVICES

Fees for the Retirement Plan Services ("Fees") are flexible, and Sponsor may be charged a fee based on a percentage of plan assets, an hourly rate or a flat dollar amount. Sponsor may specify whether to pay the Fees directly or may authorize the plan's record-keeper or custodian to pay THS from plan assets. Fees will typically be billed monthly or quarter in advance. However, the custodian agreement will describe the agreed upon calculation methodology for Fees paid under this section, which may differ from this schedule.

Sponsor may terminate this Agreement within five (5) business days of executing this Agreement without incurring a penalty or charge. If the Agreement is terminated prior to the end of the period, THS will be entitled to a pro-rata amount of compensation.

Sponsors receiving Retirement Plan Services may pay more or less than a client might otherwise pay if purchasing the Retirement Plan Services separately or through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the plan, the specific investments made by the plan, the number of locations of participants, the Retirement Plan Services offered by another service provider, and the actual costs of Retirement Plan Services purchased elsewhere. In light of the specific Retirement Plan Services offered by THS, the Fees charged may be more or less than those of other similar service provider. Accordingly, the client should review both the fees charged by the funds, the plan's other service providers and the fees charged by THS to fully understand the total amount of fees to be paid by the client and to evaluate the Retirement Plan Services being provided.

OTHER CHARGES AND FEES PAID BY CLIENTS

For the majority of accounts, fees are payable quarterly or monthly in advance, and automatically deducted from the account pursuant to the advisory agreement and not billed separately. Clients have the option of choosing monthly or quarterly billing for the majority of accounts as well as the billing methodology (linear, tiered or breakpoint); these elections are made on the applicable advisory agreement. Refund of fees that are paid in advance will be prorated to the date of termination, and any unearned portion will be refunded back to clients.

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

Transaction charges have been established to compensate the custodian for its services and reimburse them for expenses in executing transactions in the accounts. The transaction charges are negotiated with our custodians and may be higher than transaction charges or commissions that clients might pay if the transactions were executed at another broker-dealer. THS does not receive a portion of the transaction fees paid by clients. Although transaction charges may be identified as "commissions" on trade confirmations, the Advisory Representative does not receive any portion of these charges. However, in certain wrap fee programs, THS has entered into Asset Based Pricing (ABP) arrangements with the custodians Charles Schwab, Fidelity, and TD Ameritrade. For wrap accounts only, the custodians apply ABP to holdings in certain transaction fee carrying securities. Other assets, such as cash equivalents, that do not carry a transaction charge do not experience the ABP charge. In wrap accounts, THS charges a wrap fee based on all the assets in the account. This practice helps mitigate the conflicts of interest at the time of investment selection, but the firm has a conflict of interest because there is an incentive for the IAR to use securities or assets on which the custodians do not apply ABP expenses and thereby creating a positive revenue to the firm. To address this conflict, THS has policies and procedures in place to monitor whether any program in which client investments or any security (or other investment services through THS) is suitable for the client. An arrangement with asset-based fees typically assumes a normal amount of trading activity and under particular circumstances. Prolonged periods of account inactivity result in higher cost than if transaction charges were paid separately by Clients for each transaction. In negotiating asset-based fees and transaction charges,

Advisory Representatives will discuss with Clients the impact of the size of their account and the likely turnover of the account based on the proposed strategy for their account.

Most THS Advisory Representatives are also registered broker-dealer representatives of an affiliate, Triad Advisors, LLC ("Triad"). As registered representatives of Triad, Triad shares a portion of payments received from a mutual fund or in connection with an initial public offering, a secondary offering, and/or a private placement with these Advisory Representatives only when acting as broker-dealer representatives. When acting in these separate capacities, these Advisory Representatives also receive compensation, such as 12(b)-1 or services fees, in connection with the sale of funds. Therefore, the Advisory Representative has an incentive to recommend implementing recommendations made through Triad. This conflict of interest is heightened when the Advisory Representative recommends securities where Triad is a member of the selling syndicate because the Advisory Representative typically receives more compensation in connection with these securities than in connection with other types of securities. Clients have the option to purchase investment products that THS recommends through other investment advisers, brokers or agents that are not affiliated with THS or Triad. In addition, THS has policies and procedures in place to monitor whether any program in which client investments or any security (or other investment services through THS) is suitable for the client. Similarly, if the client decides to implement a portion of the recommendations through a brokerage account at Triad, the client will pay commissions to Triad for the brokerage account and separately, fees to THS for the advisory account. The fee that a client pays to THS will not be reduced if fees are paid to Triad, or its affiliates, for other services.

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

The advisory fees and transaction charges do not cover charges imposed by third-parties for investments held in the account, such as contingent deferred sales charges or 12(b)-1 trails on mutual funds and variable annuity contracts. In addition, each mutual fund or third-party money manager charges asset management fees, which are in addition to the advisory fees charged by our firm. Accounts may require a minimum advisory fee or quarterly maintenance fee that will be detailed in the applicable advisory agreement. Please see the section titled Brokerage Practices for additional information.

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

The Management Fee also does not cover debit balances or related margin interest, "mark-ups" and "mark-downs" or "dealer spreads" that broker-dealers (including broker dealer affiliates) receive when acting as principal in certain transactions, brokerage commission or other charges resulting from transactions not effected through the custodian. The Management Fee also does not cover costs associated with exchanging foreign currencies, odd-lot differentials, IRA fees, transfer taxes, exchange fees, wire transfer fees, extensions, non-sufficient funds, mailgrams, legal transfers, bank wire charges, postage fees or SEC fees or other fees or taxes required by law.

Clients should also consider the transactions costs and/or tax consequences that might result from rebalancing. Frequent rebalancing may incur additional costs and/or tax consequences versus less rebalancing. Rebalancing involves restoring a client's original asset allocation by shifting funds among investment categories to regain ratios that may have been decided initially upon designing a client's portfolio or decided during the course of their relationship with THS.

Certain securities, such as over-the-counter stocks and fixed income securities are traded primarily in "dealer" markets. In such markets, securities are directly purchased from, or sold to, a financial institution acting as a dealer,

or "principal". Dealers executing principal trades typically include a "mark-up", "mark-down", and/or spread in the net price at which transactions are executed. When Ladenburg Thalmann & Co. Inc. ("LTCO"), an affiliate of THS, executes a transaction for a security traded in the dealer markets, LTCO either will execute the transaction as agent through a dealer unaffiliated with LTCO, or as principal in accordance with applicable law. An affiliate of Triad acting as an underwriter or manager for such offerings, will receive compensation equal to either all or a portion of "gross spread" (the difference between the price the client pays for the security and the price at which it purchased the securities). Triad also receives a portion of the gross spread as a member of the selling syndicate. The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement. Clients in the Program will not pay commissions or separate transaction charges to LTCO in connection with these transactions, however, the client will bear the cost (including any mark-up, mark-down, and/or spread) imposed by the dealer as part of the price of the security. Thus, the dealer will receive compensation in connection with most principal trades. THS has a conflict of interest in using LTCO to execute principal transactions because LTCO will receive compensation in connection with the trade as dealer, which is in addition to the Program Fee. For more information about how this conflict of interest is addressed, see the "Other Financial Industry Activities and Affiliations" section below.

Advisory Representatives may trade on margin for client's accounts, which could result in a high portfolio turnover ratio and higher transaction charges in accounts with such charges. Additionally, the use of margin will also result in interest charges as well as all other fees and expenses associated with the security or account involved. Generally, Advisory fees for Advisory Representative managed accounts with margin are billed on the net equity of the account, which is the value of cash and securities minus the amount of margin debt.

MUTUAL FUND SHARE CLASS SELECTION

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail mutual fund share classes (typically, Class A, B and C shares), some mutual funds also offer institutional or advisor share classes and other share classes that are specifically designed for purchase in an account enrolled in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in an investment advisory program usually, but not always, have a lower expense ratio than other shares classes. An investor who holds a more expensive share class of a fund will pay higher fees over time – and earn lower investment returns – than an investor who holds a less expensive share class of the same fund. Not all mutual funds and share classes offered to the investing public are available through our advisory programs for which a client might otherwise be eligible to purchase.

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

APPROVED ADVISORY PRODUCTS LIST

In an effort to mitigate the above-referenced conflicts and meet current SEC regulatory expectations, THS has created an Approved Advisory Products List ("Products List") to which THS' advisory activities are subject. The selection of mutual funds and share classes for the Products List is based on a number of factors including expense ratio, availability, and supervision practicality. THS has implemented a policy whereby no new mutual fund purchases may be made in advisory accounts unless such mutual funds and share classes have been approved and are listed on the current Products List. Further, to the extent that certain funds currently held in advisory accounts are on the Products List but not held in an approved class, THS has a periodic process of converting all such holdings to an approved share class, without tax consequence and at no cost, in most cases.

Notwithstanding the foregoing, you should understand that despite its inclusion on the Products List, the share class offered for a particular mutual fund in many cases will not be the least expensive share class that the mutual fund makes available. Also, other financial services firms may offer the same mutual fund at a lower overall cost to the

investor than is available through THS. We also note that to the extent that an advisory account includes mutual fund holdings that are unapproved as to both fund and share class, such funds may continue to be held in that account (although no new purchases shall be permitted).

Finally, we note that THS' policies and procedures allow THS' Advisory Representatives to formally request for both new inclusions to the Products List as well as (in rare cases) waivers from its applicability. Clients may find additional information relating to Mutual Fund share classes by visiting www.finra.org/investors/alerts/understanding-mutual-fund-classes.

SECURITIES BACKED LINE OF CREDIT (SBLOC) / NON-PURPOSE LOANS

The Firm offers you SBLOCs offered through participating third party banks. SBLOCs are loans whereby an investor borrows against the assets in their investment portfolio without having to liquidate these securities. These loans require monthly interest-only payments, and the loan remains outstanding until it is re-paid. SBLOCs are non-purpose loans, which means the loan proceeds can be used for almost anything except the proceeds may not be used to purchase or trade securities.

An SBLOC allows you the opportunity to avoid potential capital gains taxes because you don't have to liquidate securities for access to funds. You might also be able to continue to receive the benefits of your holdings, like dividends, interest and appreciation. However, as with virtually every financial product, SBLOCs have risks and downsides. For instance, if the value of the securities you pledge as collateral decreases, you may need to come up with extra money fast, or your positions could be liquidated.

Triad Advisors receives third party compensation from participants banks based on the amount of the outstanding loans. This compensation is a conflict of interest to the firm because there is a financial incentive for the client to maintain outstanding loans through the program. However, the firm does not share this compensation with its Advisory Representatives. The Firm and its Advisory Representatives interest in continuing to receive investment advisory fees gives it an incentive to recommend that clients borrow money rather than liquidating some of their assets managed by the Firm, when it could be in a client's best interest to sell such assets instead of using them as collateral for a loan.

Prior to establishing a SBLOC, you should carefully review the disclosure form provided by the Firm.

WRAP ACCOUNTS

For advisory programs that we offer wrap account pricing, the fee for transactions executed in your account are included in your account fee. As a result, in some cases the account fee charged in a wrap Account will be higher than that of a non-wrap account with separate advisory fees and transaction charges. Please consider that depending upon the level of the wrap fee charges, the amount of portfolio activity in the account, the value of services that are provided under the investment program, and other factors, the wrap fee may or may not exceed the aggregate cost of services if they were to be provided separately. Generally, wrap programs are relatively less expensive for actively traded accounts. However, the fees in a wrap account will be higher overall cost to a client than in a non-wrap, if the wrap account has low trading activity.

OPTIONS FOR ASSETS INVESTED IN RETIREMENT PLAN ACCOUNT

If you have an employer-sponsored retirement plan, you may have several choices as to what to do with your assets when you retire or change jobs. Generally, you might choose one of the following options:

1. Keep your assets in the employer's plan (if allowed)
2. Rollover your assets into an individual retirement account, commonly referred to as an IRA
3. Rollover your assets to another employer-sponsored plan
4. Take a distribution in cash from the plan

Your Advisory Representative has a financial incentive to recommend an IRA rollover because of the compensation he/she will receive when you transfer funds to an account on which the Advisory Representative will receive a fee from an employer-sponsored retirement plan or from another IRA. This conflict also pertains to situations where you are a participant in a plan where your Advisory Representative is a fiduciary. You should carefully discuss and weigh the advantages and disadvantages of each option with your Advisory Representative before making your decision.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither the Firm nor its Advisory Representatives accept performance-based fees (i.e. fees based on a share of capital gains or capital appreciation of the assets of a client). Nor does the Firm engage in side-by-side management (i.e. managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees). As a result, this disclosure item is not applicable.

ITEM 7 - TYPES OF CLIENTS

Our Advisory Representatives provide investment advisory services to:

- Individuals (including high net worth individuals)
- Banking or thrift institutions
- Pension and profit-sharing plans
- Trusts
- Estates or charitable organizations
- Corporations
- State and municipal governmental entities
- Other business entities

THS generally does not impose any requirements for opening or maintaining an account, such as a minimum account size. We will charge a minimum service fee which is the greater of \$30 or up to 15 basis points annually assessed to the advisor per account. However, certain third-party programs and/or portfolio managers have minimum account size requirements, as set forth in the applicable disclosure brochure.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

METHODS OF ANALYSIS

The Firm does not require our Advisory Representatives to implement a particular investment strategy or method of analysis which will vary based upon the individual Advisory Representative making the assessment and providing the advice. Some of the more common methods of analysis that are used are Fundamental and Technical analysis. Fundamental analysis is security analysis grounded in basic factors such as the financial condition and management of a company as well as overall economic and industry conditions which are used to predict the future value of an investment. The resulting data is used to measure the true value of the company's stock compared to the current market value. Technical analysis is the practice of using statistics to determine trends in security prices and make or recommend investment decisions based on those trends. Technical analysis involves using chart patterns, momentum, volume, recurring price patterns, trends based upon business cycles and relative strength in an effort to identify patterns that suggest future activity.

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

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

ASSOCIATED RISKS

When using Fundamental Analysis, we generally rely on, among other things, company earnings, balance sheet variables and management quality which are used to predict the future value of an investment. Data we review is generally considered reliable, but we cannot guarantee nor have we verified its accuracy. In addition, the data that we review is sometimes subjective in nature and open to interpretation. Even if our data and interpretation of the data is correct, there can be other factors that determine the value of securities other than those considered in Fundamental Analysis.

When using Technical Analysis, we review statistics to determine trends in security prices and make our investment decisions based on those trends. This analysis is used to predict how an investment will perform short-term. In addition, this analysis does not take into account, the more fundamental properties of what an investment may be worth such as company performance and balance sheet variables which play a part in determining the value of an investment.

When pursuing our strategic long-term investing strategies, we are assuming the Financial Markets will go up in the long-term which cannot be assured. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall Financial Markets advance. In addition, purchasing investments long-term creates an opportunity cost, “locking-up” assets that may be better utilized in the short-term in other investments.

1. General Investment Risks

In addition to the personal risk considerations discussed above, THS believes it is important for you to understand the risks associated with each recommendation and investment type available. The following is a summary of some of the general risks associated with investing. Please note that this list is not exhaustive, and is provided as an indication of some of the factors that can impact the value of your investments:

Business risk

This is the risk that the strength of the company you are buying a piece of ownership in (stock for example) or are loaning money to (a bond, for example) affects your potential returns. Your returns from the stock purchase or bond purchase are influenced by factors like the company going out of business, or going into bankruptcy, or having a viable and strong revenue stream from the products or services it sells that is not over-shadowed by expenses. If a company goes bankrupt and its assets are liquidated, common stockholders are the last in line to share in the proceeds.

Call risk

This is the risk that your bond or other fixed-income investment will be called or purchased back from you when conditions are favorable to the product issuer and unfavorable to you.

Concentration risk

This is the risk of loss because your money is concentrated in one investment or type of investment. When you diversify your investments, you spread the risk over different types of investments, industries and geographic locations.

Credit risk

This is the risk that the government entity or company that issued the investment will run into financial difficulties and won't be able to pay the interest or repay the principal at maturity. Credit risk applies to debt investments such as bonds. You can evaluate credit risk by looking at the credit rating of the bond or the issuer. For example, long-term U.S. government bonds currently have a credit rating of AAA, which indicates the lowest possible credit risk.

Currency risk

This is the risk of losing money because of a movement in the exchange rate. For example, if the U.S. dollar becomes less valuable relative to the Canadian dollar, your U.S. stocks will be worth less in Canadian dollars. This applies when you own foreign investments.

Default risk

This is the risk that a bond or other fixed-income investment issuer is unable to pay the contractual interest or principal on the product in a timely manner or at all.

Financial risk

This is the risk that the companies you invest in will perform poorly, which affect the price of your investment. You can't eliminate financial risk; however, you may be able to minimize the impact through diversification.

Foreign Investment risk

This is the risk of loss when investing in foreign countries. When you buy foreign investments, such as shares of companies in emerging markets, you face risks that do not exist in the United States (for example, the risk of nationalization).

Horizon risk

This is the risk that your investment time horizon may be shortened due to a foreseen or unforeseen event, thus requiring you to sell the investment(s) that you were expecting to hold for a longer term. If you must sell at a time when the markets are down, you may lose money.

Inflation risk

Inflation risk, also called purchasing power risk, is the chance that the cash generated by an investment today won't be worth as much in the future. Changes in purchasing power due to inflation may cause inflation risk. There are investments that help minimize inflation risk.

Interest Rate risk

This is a risk that can affect the value of bonds or other fixed-income investments you may purchase. When interest rates rise, the market value of bonds fall. When interest rates fall, the market value of bonds rise.

Liquidity risk

Liquidity risk arises when an investment can't be bought or sold quickly enough to prevent or minimize a loss. You may be able to minimize this risk by diversifying. A good option is index investing where risk is diversified over the various stocks held in a portfolio tracking a particular index. You can't invest directly in an index.

Manager risk

This is the risk that an actively managed mutual fund, exchange traded fund, or closed-end fund's manager will fail to execute the fund's stated investment strategy.

Market risk

This is the risk that the stock market will decline, decreasing the value of the securities owned. Stock market bubbles and crashes are good examples of heightened market risk. You can't eliminate market risk; however, you may be able to minimize the impact through diversification.

Options risk

This is the risk of the option holder losing the entire amount paid for the option in a relatively short period of time, reflecting the nature of the option as a wasting asset becoming worthless when it expires. If you don't sell an option in the secondary market or exercise it prior to expiration, you will lose your entire investment in the option.

Political and Government risk

This is the risk that the value of your investment will be affected by the introduction of new laws or regulations.

Regulatory risk

This is the risk that changes in law and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.

Reinvestment risk

This is the risk of loss from reinvesting principal or income at a lower interest rate.

2. Specific Investment Risks

THS and your Advisory Representative offer various types of investments. The different types of investments we offer and their potential risks are described below.

Stock – A stock, also known as “shares” or “equity,” implies owning a proportionate amount of a company that issued the stock. It entitles the stockholder (you) to that proportion of the company’s assets and earnings.

- Major risks: Business, Concentration, Currency, Financial, Foreign Investment, Inflation, Market, Political and Governmental

Bonds – This is a fixed income investment that represents a loan by you (the investor) to a borrower (typically a company, government/municipality, or governmental agency).

- Major risks: Business, Call, Credit, Default, Financial, Inflation, Interest Rate, Liquidity, Reinvestment

Notes (Including Structured Products) – This is a fixed-income investment where you (the investor) purchase a secured debt (or other assets) and become the lender, after which you receive payments (principal and interest) over a specific period (usually a shorter time period than a bond) from the borrower.

- Types:
 - Principal Protected Note (PPN) – This is a fixed-income security that guarantees a minimum return equal to the investor's initial investment (the principal amount), regardless of the performance of the underlying assets.
 - Non-Principal Protected Note (NPPN) – This is a fixed-income security that does not guarantee a minimum return equal to the investor's initial investment (the principal amount), because it allows clients to customize the date of return to suit their investment needs. NPPNs can be linked to a variety of underlying investments including indices, single stocks, portfolios of shares, industry sectors, commodities and currencies.
- Major risks: Call, Credit, Default, Inflation, Interest Rate, Liquidity, Reinvestment

Certificate of Deposit (CD) – This is a fixed-income investment where you (the investor) deposits a sum of money for a specified period and you will receive either a specific rate of interest or a rate of interest linked to an index with a capped gain. Certain CDs can be FDIC insured.

- Major risks: Call, Default, Inflation, Interest Rate, Reinvestment

Unit Investment Trust (UIT) – This is where a U.S. financial company that buys or holds a group of securities, such as stocks or bonds, and makes them available to investors as redeemable units. UITs have a stated expiration date based on what investments are held in their portfolio; when the portfolio terminates, investors get their share of the UIT's net assets.

- Major risks: Business, Credit, Interest Rate, Liquidity, Market, Reinvestment

Exchange Traded Fund (ETF) and Exchange Traded Note (ETN) – An ETF is a basket of securities that trades on an exchange (open stock market), just like a stock and it seeks to track an underlying index. ETF share prices fluctuate throughout the trading day as the ETF is bought and sold; this is different from mutual funds that only trade once a day after the market closes. An ETN is a debt instrument that mimics the performance of a basket of securities but does not actually hold them for the benefit of the client. An ETN is an obligation of the issuing company, often an investment bank.

- Major risks: Concentration, Currency, Foreign Investment, Inflation, Liquidity, Manager, Market, (for ETN: Credit risk)

Mutual Fund – This is a type of investment vehicle consisting of a portfolio of stocks, bonds, or other securities. Mutual funds give small or individual investors easier access to diversified, professionally managed portfolios. Mutual funds are divided into several kinds of categories, representing the kinds of securities they invest in, their investment objectives, and the type of returns they seek. Mutual funds charge annual fees (called expense ratios) and, in many cases, commissions, which can affect their overall returns. Most mutual funds offer you different types of shares, known as “classes.” Each class invests in the same portfolio of securities and has the

same investment objectives and policies. But each class has different shareholder services and/or distribution arrangements with different fees and expenses.

- **Open-end** -- With an open-end fund, if you want to buy shares, the management company will sell them to you. They will take your money, add it to the portfolio, and create more shares. You always transact shares of an open-end fund with the issuing fund company, never on the secondary market.
 - Major risks: Concentration, Currency, Foreign Investment, Inflation, Manager, Market

Annuity – This is a long-term investment that is issued by an insurance company designed to help protect the annuitant from the risk of outliving the income generated by their deposits into the contract. Because these are long-term vehicles annuity contracts include contingent deferred sales charges (“CDSCs”) that would result in a forfeiture of a percentage of account value if surrendered prior to their expiration, typically three to 10 years depending on the contract.

Annuities have two phases. Phase one of the annuity contract is known as the accumulation phase, where deposits are designed to accumulate on a tax-deferred basis. During the accumulation phase contract holders can choose annuities with any one or, in some cases, a combination of the following accumulation account options:

- **Variable Annuity** – This is a tax-deferred retirement contract that allows you to choose from a selection of investments called subaccounts. These investments are designed to provide contract holders with a diversified investment portfolio in a specified asset class or general investment strategy. Subaccounts are managed by an investment specialist or a team of specialists who make decisions to manage the subaccount based on the stated objective. Each subaccount will have a unique expense ratio based on the services provided by the investment specialist team. For example, subaccount designed to follow the return of a stock index, such as the S&P 500 will have a lower expense ratio than a subaccount seeking to actively manage a portfolio based on a stated objective.
 - Major risks: Business, Credit, Liquidity
- **Investment-only Variable Annuity (IOVA)** – This is a type of annuity contract that provides you with a simple way to set aside taxable assets in a tax-deferred entity focused on investments only. Unlike most variable annuities which offer living income stream and death benefits (for a cost), IOVAs only offer investments and the ability to access the assets without penalty as early as age 59 ½.
 - Major risks: Business, Liquidity, Market
- **Registered Index Linked Annuity (RILA)** – This is a type of annuity contract that calculates account value adjustments based on the performance of a specified market index, such as the S&P 500. The account value will receive protection against market losses typically through a buffer (carrier accepts the first xx% of losses and the account accepts any additional losses in market value) or a floor (the account accepts the first xx% of losses and the carrier accepts any additional losses in market value). This protection is in exchange for limiting gains in account value to a cap (a maximum account value increase of xx%) or a participation rate (account participates in xx% of the market gains). Fees and caps may limit the potential upside. At the end of the sample period, the account value could increase or decrease.
 - Major risks: Business, Liquidity, Market

Phase two of the annuity contract is known as the annuitization phase. This option converts your purchase payments (what you contribute) and accumulated growth (if any) into periodic payments that can be paid out under various payment options, including a lifetime option. Annuities can provide clients with additional benefits above and beyond tax deferred growth in the form of living benefits or enhanced death benefits including but not limited to the following.

- **Guaranteed Minimum Withdrawal Benefit (GMWB)**– Guarantees clients a stream of lifetime income based on a percentage of the contract’s benefit base. Lifetime GMWB payments are available without having to immediately annuitize the contract.
- **Guaranteed Minimum Accumulation Benefit (GMAB)** – Guarantees a certain portion of the investment is returned to the contract owner regardless of the performance of the subaccounts.
- **Guaranteed Minimum Death Benefit (GMDB)** – Guarantees an enhanced benefit to the contract owner’s beneficiaries regardless of the account value on the date of death. These benefits can be based on a

return of the initial investment, the highest contract value on the contract's anniversary over a specified period of time or increase at a specified percentage over a period of time.

Closed-end Fund – This is a type of investment vehicle where, at fund inception, the investment company raises a set amount of money and issues a specific number of shares. No new shares are created after that point. Investors can buy the fund shares only on the secondary market, from someone else who is selling shares. Like stocks, closed-end fund shares can be traded at any time of the day when the market is open. The shares reflect market values rather than the net asset value of the fund itself.

- Major risks: Concentration, Currency, Foreign Investment, Inflation, Manager, Market

Hedge Fund – This is an alternative investment that is operated by a manager who invests the money into different assets to achieve the fund's goals. Hedge funds got their name from investors holding both long and short stocks in various funds, to make sure they generated a gain despite market fluctuations (called "hedging").

- Major risks: Business, Concentration, Currency, Interest Rates, Liquidity, Market

Interval Fund – This is a type of investment company that periodically offers to repurchase its shares from shareholders. These shares typically do not trade on the secondary market. These shares are subject to periodic repurchase offers by the fund at a price based on net asset value.

- Major risks: Credit, Liquidity, Market

Managed Futures – This is an alternative investment where a portfolio of *futures* contracts is actively *managed* by professionals. *Managed futures* are considered an alternative investment and are often used by funds and institutional investors to provide both portfolio & market diversification.

- Major risks: Foreign Investment, Horizon, Inflation, Interest Rate, Market

Non-Traded REIT – This is an alternative real estate investment designed to reduce or eliminate tax while paying dividends and/or providing returns on real estate appreciation. A non-traded REIT does not trade on a securities exchange and, is therefore quite illiquid for extended periods of time.

- Major risks: Business, Concentration, Credit, Financial, Inflation, Interest Rate, Liquidity, Political and Government

When you are deciding whether to invest in a specific investment, make sure you obtain, review and discuss with your Advisory Representative the documentation related to the investment which outlines the details of the investment (i.e., prospectuses, annual reports and offering memorandums that discuss the structure of the investment, fees/costs, management, portfolio, restrictions, contributions, distributions, risks, etc.) The documentation should be provided by your Advisory Representative or can be obtained directly from the investment sponsor.

Third-Party Program Consulting Services: Partner

Factors THS considers in selecting and monitoring third-party programs performance may include comparing the performance of accounts in the programs relative to certain market indices or asset allocation objectives, other money managers, strategies, and or programs. Other factors include allocation and or manager risk analysis, comparison of expenses, and other qualitative factors and analyses. For information about material risks related to the program or specific portfolio managers in the programs, see the appropriate disclosure brochure.

Financial Planning and Related Consulting Services

THS Advisory Representatives primarily use financial planning software to define, quantify and illustrate a client's long-term goals and objectives. In developing a plan for an individual client, Advisory Representatives will perform a review of the variables that are presented. Such review may include, but would not necessarily be limited to, investment objectives, consideration of the client's overall financial condition, income and tax status, personal and business assets, risk profile, liquidity constraints and other factors unique to the client's particular circumstances. Pursuant to a written financial planning & consulting agreement, Advisory Representatives will review and analyze the information provided and the data derived from the financial planning software. The Advisory Representative will then deliver a written plan designed to help clients achieve their stated financial goals and objectives.

Recommendations developed by Advisory Representatives are based upon their professional judgment; however, we cannot guarantee the results of any of their recommendations. Results may use simplifying assumptions that

do not completely or accurately reflect a client's specific circumstances. No financial plan or report has the ability to accurately predict the future. As investment returns, inflation, taxes, and other economic conditions vary from assumptions, actual results will vary (perhaps significantly) from those presented.

Retirement Plan Services

All investments involve risk and investment performance can never be predicted or guaranteed. The values of the account will fluctuate (perhaps significantly) due to market conditions, manager performance and other factors. Using any benchmark or index in connection with Retirement Plan Services is no promise that the performance of the plan's particular investments will experience the same results, including the results shown on the various reports that are delivered as part of these services.

As part of the Retirement Plan Services to Provide Recommendations to Select and Monitor Investment Managers, Qualified Default Investment Alternative(s) ("QDIA") or Designated Investment Alternatives ("DIAs"), THS may provide Sponsor a list of investments, including mutual funds, to consider as options for the plan, and may provide a list of investment managers to manage the assets of the plan. Any list is for informational purposes only and Sponsor retains full authority to select all plan investments. It should not be considered a primary basis for the Sponsor's decision. THS will consider information provided by Sponsor about the plan when assisting with or making recommendations about the plan's Investment Policy Statement ("IPS"). It is important that this information be accurate and current. Changes in the information will impact what assistance or recommendations may be made so it is important that THS be accurately informed.

Any report containing a proposed asset allocation model is based upon a number of factors which may include the demographics of plan participants, current asset allocations and the value of the assets. THS may change asset allocations and investment options within the model portfolios and has no obligation to retroactively revise the report. The analyses and suggested asset allocations contained in the reports may be based on historical financial data, assumptions about future financial trends (including market appreciation or decline, rates of return and risks for various asset classes), assumptions about applicable laws and regulations, and appropriate financial planning strategies. Any projections, analyses or other information contained in or with the reports regarding various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. The reports do not provide advice regarding the plan's specific securities investments. Therefore, it is important for Sponsor to monitor current events, such as changes in tax laws or in the financial markets, which may affect Sponsor's decisions about the plan. The return rates and dollar figures contained in the report may not include all investment expenses; thus, any results shown may be reduced by such costs. Also, where applicable (and only as indicated) assumptions as to federal income tax rates, state income tax rates, and estate taxes reflected in the report would only be general estimates.

ITEM 9 - DISCIPLINARY INFORMATION

Not applicable. Neither we, nor any of our management personnel have been involved in any disciplinary events that are material to your evaluation of our programs or the integrity of our management.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

OVERVIEW

This section contains information about our financial industry activities and affiliations. We provide information about the material relationships and arrangements we have with any related persons, including broker-dealers and investment advisers. We identify if any of these relationships or arrangements create a material conflict of interest with clients and discuss how we address these conflicts. "Related persons" are defined as entities that we control or control us or are under common control with us.

CORPORATE STRUCTURE

THS is a wholly owned subsidiary of Advisor Group Holdings, Inc. ("AGHI"), which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes, RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P., and The Berliniski Family 2006 Trust.

OTHER INDUSTRY AFFILIATES

THS has the following affiliates, which are wholly owned subsidiaries of Advisor Group Holdings, Inc.

Securities America Financial Corporation (SAFC) Holding Company	100% owned by AGHI
Securities America, Inc. (SAI) Broker/Dealer	100% owned by SAFC
Arbor Point Advisors, LLC (APA) Registered Investment Advisor	100% owned by SAFC
Ladenburg Thalmann Asset Management (LTAM) Registered Investment Advisor	100% owned by AGHI
Ladenburg Thalmann & Co., Inc. (LTCO) Broker/Dealer	100% owned by AGHI
Ladenburg Capital Agency Inc. Insurance Company	100% owned by AGHI
Securities America Advisors, Inc. (SAA) Registered Investment Advisor	100% owned by SAFC
Triad Advisors, LLC Registered Investment Advisor	100% owned by AGHI
Highland Capital Brokerage Insurance Company	100% owned by AGHI
Premier Trust, Inc. Trust Company	100% owned by AGHI
Triad Insurance, Inc. Insurance Company	100% Owned by AGHI

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

Advisor Group, Inc. (AGI) Holding Company	100% owned by AGHI
Royal Alliance Associates, Inc. (RAA) Registered Investment Advisor, Broker/Dealer	100% owned by AGI
Financial Service Corporation (FS Corp) Holding Company	100% owned by AGI
FSC Securities Corporation (FSC) Registered Investment Advisor, Broker/Dealer	100% owned by FS Corp
SagePoint Financial Inc (SPF). Registered Investment Advisor, Broker/Dealer	100% owned by AGI
Woodbury Financial Services, Inc (WFS).	100% owned by AGI

Registered Investment Advisor, Broker/Dealer	
Vision2020 Wealth Management Corp. Registered Investment Advisor	100% owned by AGI

BROKER-DEALER AFFILIATE

THS's affiliate, Triad Advisors, is registered as a broker-dealer with FINRA engaged in the offer and sale of securities products.

Most of our Advisory Representatives are associated with Triad Advisors as registered representatives. Your Advisory Representative will take into consideration all types of accounts that could be offered (i.e., both brokerage and advisory accounts) when making the recommendation of an account that is in your best interest. Refer to www.brokercheck.finra.org for more information on your Advisory Representative's specific licenses.

Account recommendations include recommendations of securities account types generally (e.g., to open an IRA or other brokerage account), as well as recommendations to roll over or transfer assets from one type of account to another (e.g., a workplace retirement plan account to an IRA).

If acting as a registered representative, your Advisory Representative can recommend the purchase of securities offered by Triad Advisors. If you purchase these products through them, they will receive normal commissions which will be in addition to customary advisory fees. As such, Advisory Representatives have an incentive to sell you commissionable products in addition to providing you with advisory services when such commissionable products may not be suitable. Alternatively, they have an incentive to forego providing you with advisory services when appropriate, and instead recommend the purchase of commissionable investments, if they deem that the payout for recommending the purchase of these investments would be higher than providing management advice on these products for an advisory fee. Therefore, a conflict of interest could exist between their interests and your interests.

We maintain policies and procedures to ensure recommendations are in your best interest.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

All such transactions are effected in compliance with the Advisers Act and other applicable law, including our duty to seek best execution.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with providing you with any advisory service that we offer.

INSURANCE

Triad Advisors is also an insurance agency licensed to do business in all 50 states.

Advisory Representatives that are also insurance licensed are permitted to sell fixed insurance products including, but not limited to, fixed annuities, term life insurance, and whole life insurance for compensation through Triad Advisor's insurance agency or an independently owned agency.

Highland Capital Brokerage ("Highland") is a related person of the Firm and an independent insurance brokerage firm that delivers life insurance, fixed and equity indexed annuities, long-term care solutions and variable insurance wholesaling support to investment and insurance providers. Some employees of Highland are also registered with us and/or our broker-dealer affiliates.

OUTSIDE BUSINESS ACTIVITIES

Since registered representatives are independent contractors of Triad Advisors, they have the ability to engage in certain other business activities separate from the activities they conduct through Triad Advisors. Some of Triad Advisors' affiliated representatives are permitted to be employed by, or own, a financial services business entity, including an investment adviser business, separate from Triad Advisors. Although this is not considered a conflict

of interest, clients should be aware that these situations can exist. Such activities include tax preparation, insurance, and/or real estate services. When your Advisory Representative engages in these certain other business activities (other than the provision of brokerage and advisory services through us), they could receive greater compensation through the outside business activities.

BUSINESS OPERATIONS WITH AFFILIATES

There is a conflict of interest since some of our business operations involve directing clients to products or services of our affiliated companies; us or our Related Persons can receive compensation when doing so. Your Advisory Representative, however, does not receive a portion of this additional compensation and therefore does not have a conflict of interest in recommending the use of one of our affiliated companies. Consequently, the Firm's conflict of interest to you is mitigated since your Advisory Representative does not receive additional compensation for recommending to you our affiliates. The Firm maintains policies and procedures to ensure recommendations made to you are in your best interest and in conjunction with the lack of compensation to your Advisory Representative, believe this mitigates any conflict to the Firm.

Premier Trust. Your Advisory Representative can recommend Premier Trust, a Nevada chartered trust company, to provide trust, estate planning and administrative services. When making any recommendation, Advisory Representatives first consider whether Premier Trust can adequately service client needs and whether any other efficiencies or benefits will result to the client. Clients are not obligated to follow our recommendations or use Premier Trust's services. When used, Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

Highland Capital Brokerage (Highland). Highland is an independent insurance brokerage firm that distributes fixed and variable life insurance, disability insurance, fixed and indexed annuities, and long-term care solutions to financial professionals and their clients. Some employees of Highland are also be registered with us and/or our broker-dealer affiliates.

Ladenburg Thalmann & Co. Inc. (LTCO). LTCO is a registered broker/dealer. As such, it can act as a dealer relative to certain securities and execute transactions in its capacity as a principal for THS clients. Fixed income securities are traded primarily in "dealer" markets, meaning securities are purchased directly from or sold to a financial institution acting as "dealer" or "principal." Dealers executing principal trades typically include a "mark-up," "mark-down," and/or "spread" in the net price at which transactions are executed. This compensation is in addition to other compensation clients pay to THS and its affiliates. To address this conflict of interest, clients are given disclosures about principal transactions with LTCO and have the opportunity (to the extent required by applicable law) to reject the transaction before its completion. In addition, clients are generally given transaction specific disclosure prior to their decision to invest in such securities.

If your Advisory Representative uses LTCO Fixed Income Solutions ("FIS"), your Advisory Representative has incentives to recommend certain structured products in the initial offering. Structured products are fixed-income investments where you (the investor) purchase a secured debt (or other assets) and become the lender, after which you receive payments (principal and interest) over a specific period (usually a shorter time period than a bond) from the borrower. Clients are given transaction specific disclosure prior to their decision to invest in such securities. Structured products traded through LTCO are only available to clients through Advisory Representatives who have completed our required education and training.

LTCO FIS may earn compensation on your riskless principal trades. The amount of compensation, in addition to any price mark-up or mark-down, is disclosed on your corporate and municipal securities bond trade confirmations. The relationship between your Advisory Representative and LTCO FIS will be disclosed prior to the execution of your trade. Your Advisory Representative is required to disclose this conflict and receive your consent prior to entering your trade.

Your Advisory Representative can also recommend clients invest in securities issued in an initial public ("new issue") and secondary offering for which LTCO acts as a manager, an underwriter and/or a member of the selling syndicate. THS and/or our affiliated broker/dealer, Triad Advisors, can also act as a member of the selling syndicate. We have a conflict of interest when recommending these securities because:

- LTCO receives all or a portion of the gross spread (the difference between the price paid by the client for the security and the price for which LTCO purchases the security) in connection with such

sales. This gross spread will vary between different offerings. If THS or Triad Advisors also act as a member of the selling syndicate, they receive a portion of the gross spread. If your Advisory Representative is also a registered representative, he or she generally receives a portion of this compensation in that separate capacity.

Because of our affiliation with LTCO, we have incentives to recommend investments in these initial and secondary offerings for the above reasons rather than based on client needs. To address these conflicts, we have policies and procedures in place to make sure that securities in initial public offerings are recommended only to clients for whom they are in the client's best interest based on client investment objectives and holdings. If securities acquired in initial public and secondary offerings become oversubscribed, we have policies and procedures in place addressing the allocation process under these circumstances.

Clients are not obligated to use any LTCO services recommended.

Ladenburg Thalmann Asset Management, Inc. (LTAM). LTAM is an SEC registered investment advisor specializing in investment management, market analysis, due diligence, fund selection, asset allocation and diversification strategies. LTAM sponsored programs and their characteristics are more fully described in its disclosure brochures, which are available to any client or prospective client upon request.

LTAM offers the Ladenburg Funds (i.e., Ladenburg Income Fund, Ladenburg Income & Growth Fund, Ladenburg Growth & Income Fund, Ladenburg Growth and Ladenburg Aggressive Growth), each of which is an open-end fund; the Alternative Strategies fund which is a closed end interval fund, as well as the Total Portfolio Series funds (Collective Investment Trusts) established for retirement plans. Our Advisory Representatives can recommend clients invest in these funds as well as other Ladenburg portfolios. Transactions within these funds are generally executed through LTCO, which receives commissions when executing trades on behalf of the Funds. Therefore, there is a conflict of interest if clients elect to invest in these products since LTAM, LTCO and THS generally receive more compensation than if clients purchase other investments.

- LTAM operates \$ymbil®, an online, interactive tool designed to assist clients in selecting among the five Ladenburg Funds by using a questionnaire to gauge a client's time horizon, risk tolerance and investment objectives. A client investment profile is created from the responses to this online questionnaire. LTAM has no discretion over a client's investments. Our Advisory Representatives can recommend clients use \$ymbil®, and if clients implement transactions using \$ymbil®, both THS and our Advisory Representatives receive solicitor fees. This creates a conflict of interest; however, clients have no obligation to accept any suggestions provided by \$ymbil® or to invest in any of the Ladenburg Funds.
- LTAM offers the Qui(k) program (Qui(k)), a fully-bundled 401(k) plan offering that incorporates a broad selection of investment products that are selected and monitored by LTAM, which serves as the ERISA Section 3(38) investment fiduciary for the plans associated with the platform. Through Qui(k), LTAM has entered into an agreement to provide 3(38) investment fiduciary services to TRG Fiduciary Services, LLC (TRGF). TRGF is the Pooled Plan Provider (PPP) for the Qui(k) platform, TRGF's Pooled Employer Plan (PEP). LTAM, as well as the other Qui(k) platform service providers, are engaged by TRGF in their capacity as the PPP named fiduciary and PEP plan sponsor. Employers who participate in Qui(k) will sign a separate agreement engaging TRGF as the PPP. There is a conflict of interest if clients elect to participate in Qui(k) since LTAM and THS generally receive more compensation than if clients purchase other investments. However, TRGF, LTAM, and THS do not engage in any revenue sharing as a result of this relationship. The specific manner in which fees are charged is established for a client in the client's written investment advisory agreement.

We offer clients access to professional third-party money managers that create and implement portfolios with a variety of investment strategies. LTAM is among the third-party money managers that can be recommended to clients. THS has a conflict of interest when recommending LTAM to clients. Advisory Representatives receive compensation that varies depending on the third-party managers recommended. THS earns more total compensation when a client selects LTAM as a third-party manager than we would earn if the client selects certain other unaffiliated third-party managers. Thus, our Advisory Representatives have a conflict of interest because of

an incentive to recommend certain managers over others. We address these conflicts of interest through policies and procedures that, among other things, require Advisory Representatives to make suitable recommendations, to act as a fiduciary to clients, and to act solely in clients' best interests.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

We have adopted a Code of Ethics (the "Code") to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest

The Code includes our policies and procedures developed to protect your interests in relation to the following topics:

- The duty at all times to place your interests first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the Code and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of your security holdings and financial circumstances are confidential; and
- The principle that independence in the investment decision-making process is paramount.

This response is only intended to provide you with a summary description of our Code of Ethics. If you wish to review our Code of Ethics in its entirety, you can obtain a copy by calling us at the number provided on the cover. It is our policy to prohibit agency cross transactions where representatives act as brokers for both buying and selling a single security between two different clients and are compensated through an agency commission or principal mark-up for the trades. If we adopt a different policy in this area, we will observe all rules and regulations in accordance with the disclosure and consent requirements of Section 206(3) of the *Advisers Act*. Additionally, we are aware that such transactions only occur if we ensure that we meet our duty of best execution for the client.

Related Person(s) to us may have an interest or position in securities which may be recommended to you.

Our Advisory Representatives, from time to time, can recommend investment products to you, including mutual funds, variable and fixed annuities, and other insurance products, sponsored, distributed, or managed by our Related Persons. Advisory Representatives may also recommend that you select portfolio managers that are Related Persons. These Related Persons may, from time to time, place brokerage transactions with Triad and refer you to us. Such recommendations and arrangements might create a conflict of interest because they may result in an increase in compensation for us, our Advisory Representatives and our Related Persons.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

We may recommend securities to you or buy or sell securities for your account at or about the same time we buy or sell the same securities in our own account. In those instances, the Firm maintains policies and procedures to avoid, detect, and correct conflicts of interest that arise if you and the Advisory Representative (including related persons) invest in the same security on the same side of the market on the same day.

ITEM 12 - BROKERAGE PRACTICES

Advisory Representative Managed Account Services

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

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

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

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

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

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

Schwab provides THS with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are

maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

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

THS serves on the TD Ameritrade Institutional Client Experience ("Panel"). The Panel consists of a number of independent investment advisors that inform and provide feedback to TD Ameritrade Institutional ("TDAI") on issues relevant to the independent investment advisor community. THS has been appointed to serve on the Panel for a three-year term by TDAI. TD Ameritrade does not compensate advisor for serving on the Panel but TDAI pays or reimburses advisor for the travel, lodging, and meal expenses advisor incurs in attending in person Panel meetings. The potential benefits received by advisor or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TDAI.

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

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

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

THS' receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to THS, TD Ameritrade considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, the Firm's clients accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with THS, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain Additional Services from TD Ameritrade, THS has an incentive to recommend to its clients that the assets under management by THS be held in custody with TD Ameritrade and to place transactions for clients

in accounts with TD Ameritrade. THS' receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

Trade Allocation and Aggregation

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

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

Trading Errors

Occasionally, a trading error may occur where either we, or our Advisory Representatives, are at fault for effecting one or more erroneous securities transactions for a client's brokerage account. If this occurs in your account, the error will be corrected, and your account will be restored to the same economic position had the error never occurred. In the process of restoring your account, a profit may be realized, or a loss suffered in connection with correcting this error. Neither losses nor gains realized will be passed on to you. As a result, trade corrections can result in a financial benefit to us or our affiliated broker/dealers.

Fixed Income

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

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

Third-Party Program Consulting Services

THS does not recommend broker-dealers for client transactions in connection with third-party programs. Such recommendation is made by the program sponsor or the portfolio managers.

Financial Planning and Related Consulting Services

As described in “Fees and Compensation” above, THS will often recommend that clients receiving financial planning and consulting services execute transactions through Triad Advisors, LLC. as broker-dealer. If the client elects to execute transactions through Triad Advisors, the compensation paid by the client is negotiated separately as part of a separate brokerage relationship between the client and THS. THS receives no products, research, or services (i.e., soft dollars) that it would consider a factor in utilizing a particular broker-dealer or product sponsor. However Advisory Representatives can receive reimbursement of subscription fees, for a limited time, related to financial planning software from certain product sponsors. The benefit received by our Advisory Representatives do not cause clients to pay commissions higher than those obtainable from other product sponsors nor does the receipt of these benefits hinge upon sales targets or funds under administration with these product sponsors. Thus, because of this practice, THS' Advisory Representatives have an incentive to recommend these product sponsors over another firm that does not provide this support. To address this conflict, THS has policies and procedures in place to ensure that these reimbursements are reviewed and approved prior to being paid to the Advisory Representative.

Retirement Plan Services

THS does not recommend broker-dealers in connection with these services.

Directed Brokerage

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

The practice of directing brokerage is not required by all advisers and we may be unable to achieve the most favorable execution of client transactions at all times. This practice may cost clients more money, however as a fiduciary, THS endeavors to act in its clients' best interests. THS' recommendation/requirement that clients maintain their assets in accounts at the Custodians may be based in part on the benefit to THS or the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodians, which creates a conflict of interest. Clients are able to direct brokerage transactions to a 3rd party for certain types of securities. Directing brokerage may cost clients more money because, as an example, we will not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices.

ITEM 13 - REVIEW OF ACCOUNTS

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

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

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

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

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

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

CLIENT REFERRALS

The Firm has arrangements with individuals ("Solicitors") under which the Solicitors introduce potential advisory clients to the Firm in exchange for a referral fee. Solicitor arrangements are conducted in accordance with the SEC's "Solicitor Rule" (Rule 206(4)-3). If you are introduced to us through a Solicitor, a separate disclosure statement is provided to you advising that a referral fee is being paid to an individual that is unaffiliated with the Firm.

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

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

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

OTHER COMPENSATION

THS and Triad Advisors offer a range of investments and services to its clients. As you work with your Advisory Representative to determine the right investments and services to achieve your investment goals, it is also important for you to understand how THS, Triad Advisors, AGI and your Advisory Representative are compensated. Certain forms of compensation can create conflicts of interest, and it is important for you to assess these conflicts of interest when making investment decisions.

We maintain policies and procedures to ensure recommendations are suitable and require that Advisory Representatives always act in your best interest. We also maintain a supervisory structure to monitor the advisory activities of your Advisory Representative to reduce potential conflicts of interest. You are encouraged to ask us about any conflict presented. In particular, we note the following:

RECRUITING AND TRANSITION ASSISTANCE

To assist in the costs of transitioning from another investment adviser, we provide various benefits and/or payments to certain Advisory Representatives that are newly associated with the Firm. The proceeds of the transition assistance payments are intended to be used for a variety of purposes, including but not limited to, providing working capital to assist in funding the Advisory Representative's business, satisfying outstanding debt owed to the Advisory Representative's previous firm, technology set-up fees, marketing and mailing costs, stationery and licensure transfer fees, moving expenses, office space expenses, and staffing support. The amount of the transition assistance is generally based on the size of the Advisory Representative's business established at his or her prior firm. This assistance is generally in the form of loans to the Advisory Representative and are forgiven by us based on the years of service with the Firm.

The receipt of the recruiting/transition assistance creates a conflict in that the Advisory Representative has a financial incentive to recommend a client to open and maintain an account with the Firm.

TOP PRODUCER OPPORTUNITIES

We offer additional educational, training, marketing and home office support services for those Advisory Representatives that meet overall revenue production goals. While these goals are not specific to any type of product or service offered, a conflict of interest exists because these opportunities provide a financial incentive for Advisory Representatives to recommend investment products and advisory services in general.

ADVISOR APPRECIATION PROGRAM

We provide the following compensation and ownership opportunities to certain Advisory Representatives:

- The Retention Program – In very limited situations the Firm provides compensation to certain Advisory Representatives that have been affiliated with the Firm for many years and are profitable to the organization. Although there is no production requirement for these limited situation loans, the loan does create a conflict of interest by requiring the Financial Professional to retain affiliation with the Firm in order to avoid repayment of the loan.
- The Equity Ownership Plan – Certain Advisory Representatives who are accredited investors are offered the opportunity to invest in AG Artemis Holdings, L.P, the parent entity of THS.

LOANS

Triad provides loans to certain Advisory Representatives as an incentive to establish, maintain, or expand their brokerage and advisory relationships. The repayments of such loans are typically dependent on the financial professional retaining affiliation with us through the end of the loan period. These loans create a conflict of interest for the financial professional to retain affiliation with the firm in order to avoid repayment of the loan.

INDIRECT COMPENSATION AND REVENUE SHARING

Strategic Partners

In addition to commissions or asset based fees, THS, Triad and/or AGI receives compensation ("revenue sharing payments") from the below categories:

- *Packaged Products:* certain mutual funds, variable insurance products, fixed insurance products, direct participation programs, alternative investments, and unit investment trusts (UITs)

- *Retirement Plan Partners*: third-party firms, including plan recordkeeping platforms as well as investment managers of mutual funds and the issuers of annuities
- *Third Party Managers*: certain third-party money managers offered through accounts custodied away from the Broker-Dealer
- *Collateralized Lending Partners*: certain banking institutions that collateralize certain investment accounts to obtain secured loans

The above categories are hereinafter referred to as (“Strategic Partner” or Strategic Partners”). Strategic Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Strategic Partners have more opportunities than other companies to market and educate our Advisory Representatives on investments and the products they offer. Revenue sharing payments are typically calculated as a fixed fee or as an annual percentage of the amount of assets held by customers, or as a percentage of annual new sales, or as a combination of both. Strategic Partners pay THS, Triad Advisors and/or Advisor Group differing amounts of revenue sharing, for which the Strategic Partner receives different benefits. You do not pay more to purchase Strategic Partner investment products through THS than you would pay to purchase those products through another broker-dealer or RIA. Additionally, revenue-sharing payments received by THS, Triad Advisors and/or AGI are not paid to or directed to your Advisory Representative. Nevertheless, a conflict of interest exists, in that THS, Triad Advisors and/or AGI is paid more if you purchase a Strategic Partner product, and your Advisory Representative indirectly benefits from Strategic Partner payments when the money is used to support costs of product review, marketing or training, or for waiver of mutual fund ticket charges as described below. This conflict of interest is mitigated by the fact that your Advisory Representative does not receive any additional compensation for selling Strategic Partner products, and that the firm maintains policies and procedures to ensure recommendations are in your best interest.

The Firm will update information regarding Strategic Partners who participate in revenue sharing arrangements with THS and Triad on its website on a regular basis. For additional information, including specifics on the revenue share amounts, please refer to the Indirect Compensation link in the Disclosures section of our website at www.comptel.com/customer-information.

From time to time, THS, Triad Advisors and/or AGI also receives revenue sharing payments from companies that are not Strategic Partners, generally to cover meetings expenses.

Other Cash and Non-Cash Compensation

In addition to reimbursement of training and educational meeting costs, the Firm and its Advisory Representatives may receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and Alternative Investment Products, as permitted by regulatory rules. Additionally, sales of any mutual funds, variable insurance products and Alternative Investment Products, whether or not they are those of Strategic Partners, can qualify Advisory Representatives for additional business support and for attendance at seminars, conferences and entertainment events. From time to time, non-Strategic Partners attend Firm sponsored meetings for a fee.

Triad Advisors offers the Bank Deposit Sweep Program; this may be the only vehicle available for cash balances (from deposits to the account, securities transactions, dividend and interest payments and other activities) for accounts held at National Financial Services (“NFS”). In addition to the advisory fee, Triad Advisors receives compensation in connection with these cash balances held in the account. If cash is swept into a money market fund or the Bank Deposit Sweep Program, Triad Advisors receives compensation based on the value of assets in these funds or accounts as broker-dealer. This fee will reduce the amount of interest that clients receive in connection with cash held in their accounts. Triad Advisors will also pay a fee to National Financial Services. Triad Advisors will not receive a fee in connections with the Bank Deposit Sweep Program with respect to cash in certain retirement accounts. In such cases, the fee will be retained by the Custodian. Your Advisory Representative will not receive any portion of the Bank Deposit Sweep Program fee received by Triad Advisors. Triad Advisors has an incentive to recommend that clients select a money market fund or the Bank Deposit Sweep Program as a sweep vehicle as it may pay more compensation to Triad Advisors than other funds or available sweep options, if any. Specific program features of the Bank Deposit Sweep Program are further explained in a separate disclosure document provided to all NFS brokerage clients. For additional information on the Bank Deposit Sweep Program including participating banks please contact your Advisory Representative or the number listed on the first page of this document.

ITEM 15 - CUSTODY

THS is deemed to have custody of client funds and securities because of the advisory fee deduction authority granted by clients in the investment advisory agreement and in certain asset movement authorizations granted to THS. These authorizations allow for THS to direct the qualified custodian to transfer assets between related and unrelated accounts at the qualified custodian, as well as to transfer assets to third-parties via standing letters of authorization. The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us.

As described under "Review of Accounts", we may provide to you reports we prepare regarding your portfolio. You are encouraged to review these reports and compare them against reports received from the independent custodian that services your advisory account. You should immediately inform us of any discrepancy noted between the custodian records and the reports you receive from us. Discrepancies may occur because of reporting dates, accrual methods of interest and dividends and other factors. The custodial statements received are the official record of your accounts maintained with the qualified custodian for tax purposes. Any account information provided by THS or your investment adviser representative is for informational purposes only.

ITEM 16 - INVESTMENT DISCRETION

Advisory Representatives ordinarily provide advisory services on a discretionary basis. Clients grant this discretion in the Advisory Agreement or on a separate form provided by THS. This discretion is generally limited to trading in an account and does not generally include the ability to move assets out of an account. Clients are permitted to impose reasonable limitations on THS's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to THS in writing. Any other limitations on the discretion will also be set forth in the Advisory Agreement.

ITEM 17 - VOTING CLIENT SECURITIES

We do not have the authority to vote proxies solicited by, or with respect to, the issuers of securities held in your account. Typically, proxy materials will be forwarded to you by our custodian. We will forward proxy materials that we receive to you. Please contact us at any time with questions you have regarding proxy solicitations.

In addition, we do not take any action or render any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits or bankruptcy proceedings. However, we will forward you any information we receive regarding class action legal matters involving any security held in your account.

ITEM 18 - FINANCIAL INFORMATION

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