

GUIDED WEALTH PORTFOLIOS (GWP)
PROGRAM FORM BROCHURE

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November 5, 2021

This program brochure provides information about the qualifications and business practices of LPL Financial ("LPL"). If you have any questions about the contents of this brochure, please contact your LPL financial advisor or LPL at lplfinancial.adv@lpl.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about LPL also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 1 COVER PAGE

ITEM 2 MATERIAL CHANGES

The following is a summary of certain changes made to this Brochure from the time of the annual update of the Brochure dated March 30, 2020. Item 9 was updated to provide information regarding disciplinary events, involving (i) a consent order with the State of New Hampshire, Department of State, Bureau of Securities Regulation, in connection with LPL's supervision of an LPL representative under a heightened supervision plan, (ii) FINRA sanctions in connection with LPL's failure to establish and maintain supervisory systems and procedures relating to record retention, fingerprinting and screening of certain associated persons, and supervision of consolidated reports, and (iii) a settlement with the SEC in connection with LPL's failure to comply with its Customer Identification Program procedures. Item 9 was also updated to include information about new affiliates of LPL, Waddell & Reed, Inc., a registered investment adviser and broker-dealer and Fiduciary Trust Company of New Hampshire, a non-depository trust company.

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ITEM 4 SERVICES, FEES AND COMPENSATION

Services

LPL offers various types of advisory services and programs, including wrap fee programs, mutual fund asset allocation programs, an advisor-enhanced digital advice program, advisory programs offered by third party investment advisor firms, financial planning services, and retirement plan consulting services. This Brochure provides a description of the advisory services offered under LPL's Guided Wealth Portfolios ("GWP") program. LPL's advisory services are made available to clients primarily through individuals associated with LPL as investment advisor representatives ("IARs"). For more information about the IAR providing advisory services, client should refer to the Brochure Supplement for the IAR. The Brochure Supplement is a separate document



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that is provided by the IAR along with this Brochure before or at the time client engages the IAR. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lplfinancial.adv@lpl.com](mailto:lplfinancial.adv@lpl.com). IARs are required by applicable rules and policies to obtain licenses and complete certain training in order to recommend certain investment products and services. You should be aware that your IAR, depending on the licenses or training obtained, may or may not be able to recommend certain investments, models or services. In addition, your IAR may be located at a financial institution that does not offer certain products, investments, models or services. Please ask your IAR or Advisor whether any limitations apply. For more information about LPL's advisory services and programs other than GWP, please contact your IAR or Advisor for a copy of a similar brochure that describes such service or program or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

GWP also permits clients to select a third party investment advisor firm ("Advisor"), in lieu of an IAR, to provide the advisory and consulting services described in this Brochure. For more information about the third party investment advisor firm providing advisory services, please contact Advisor for a copy of a similar brochure.

LPL is also a broker-dealer registered with the Financial Industry Regulatory Authority ("FINRA"), and an IAR or individuals of Advisor, as applicable, also may be registered with LPL as a broker-dealer registered representative. Therefore, an IAR or individuals of Advisor may be able to offer a client both investment advisory and brokerage services. Before engaging with an IAR or Advisor, clients should take time to consider the differences between an advisory relationship and a brokerage relationship to determine which type of service best serves the client's investment needs and goals. All recommendations regarding advisory accounts will be in an advisory capacity, and any recommendations regarding any brokerage account a client opens with LPL will be in a brokerage capacity, unless a client is expressly told otherwise. Clients should speak to the IAR or Advisor to understand the different types of services available through LPL. Not all LPL IARs have access to all products and services.

In addition, as described below, the Program is made available through a web-based portal, and communications concerning the Program are intended to occur primarily through electronic means (including but not limited to, through email communications or through such portal), although an IAR or Advisor, as applicable, will be available to discuss investment strategies, objectives or the account in general in person or via telephone. Therefore, the Program differs from more traditional advisory relationships in which an IAR or Advisor has more frequent personal interactions with a client. Potential clients should consider whether GWP will provide the type of advisory relationship they desire.

The Program offers clients the ability to participate in a centrally managed, algorithm-based investment program, which is made available to users and clients through a web-based, interactive account management portal ("Investor Portal"). The Program generates investment recommendations through proprietary, automated, computer algorithms (collectively, the "Algorithm") of FutureAdvisor, Inc. ("FutureAdvisor"), based upon model portfolios constructed by LPL and selected for the account as described below (such model portfolio selected for the account, the "Model Portfolio").

A preview of the Program (the "Educational Tool") is provided to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL and FutureAdvisor by enrolling in the advisory service (the "Managed Service"). The Educational Tool and Managed Service are described in more detail below. Users of the Educational Tool are not considered to be advisory clients of LPL, FutureAdvisor or the IAR or Advisor (as applicable), do not enter into an advisory agreement with LPL, FutureAdvisor or the IAR or Advisor (as applicable), do not receive ongoing investment advice or supervisions of their assets, and do not receive any trading services.

### Features of the Educational Tool

Users of the Educational Tool (each, a "user") agree to a terms of use ("Terms of Use") and complete an investor profile. Users must select from one of the following goals for each account: retirement ("Retirement Goal"), major purchase ("Major Purchase Goal"), or general investing ("General Investing Goal"). An investment objective ("Investment Objective") and model portfolio ("Model Portfolio") is assigned to each user based upon factors in the investor profile, including risk tolerance and investment horizon for the Retirement Goal and Major Purchase Goal (i.e., the number of years remaining until the age of retirement (such time being referred to herein as the "Retirement Age") or the number of years until the major purchase, respectively). (See description in "Features of the Managed Service" below for information regarding the design of the Model Portfolios.) Based on



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the Investment Objective and Model Portfolio, the Educational Tool generates sample analysis, advice and investment recommendations ("Sample Recommendations").

The Educational Tool provides Sample Recommendations that may assist users in determining whether to utilize the Managed Service. Access to the Educational Tool generally is limited to a period of forty-five (45) days. The Educational Tool is intended to be used for educational and informational purposes only. The Educational Tool does not provide comprehensive financial planning and is not intended to constitute legal, financial or tax advice. There may be other relevant factors and financial considerations (e.g., debt load or financial obligations) that LPL and FutureAdvisor do not take into consideration in formulating any Sample Recommendations provided. The Sample Recommendations made are meant solely as a sample of the types of recommendations available through the Managed Service. LPL and FutureAdvisor are not responsible for any actions taken with respect to the Sample Recommendations, and users are solely responsible for making their own investment decisions. The Educational Tool is only one of many tools that users may use as part of a comprehensive investment analysis process. Users should not rely on the Educational Tool as the sole basis for investment decisions.

Although LPL is an investment adviser and broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority, and FutureAdvisor is an investment adviser registered with the SEC, in providing access to the Educational Tool, LPL and FutureAdvisor do not intend to establish an advisory relationship, or in the case of LPL, a brokerage relationship, with users of the Educational Tool. Users are not charged an advisory fee or any other fee or expense to use the Educational Tool. The scope of any investment advisory relationship with LPL and FutureAdvisor begins when users enroll in the Managed Service. The output that users receive by using the Educational Tool, including the Sample Recommendations, may differ materially from the advice users would receive as an advisory client of LPL and FutureAdvisor.

Neither LPL nor FutureAdvisor provides ongoing investment management or trading services for assets of users of the Educational Tool, makes any determination as to whether the website through which the Program is accessed or the Educational Tool is appropriate for any user, can access any assets in any accounts users aggregate in the Educational Tool, places any trades on behalf of users of the Educational Tool, or provides ongoing supervision of assets of users of the Educational Tool. The Sample Recommendations provided are intended as an informational preview of the Managed Service, and the Sample Recommendations are being provided to demonstrate the types of analysis, advice and recommendations provided by the Managed Service.

### Features of the Managed Service

Investors participating in the Managed Service ("clients" and each, a "client") complete an account application (the "Account Application") and enter into an account agreement (the "Account Agreement") with LPL, FutureAdvisor and IAR or Advisor (as applicable). As part of the account opening process, clients are responsible for providing complete and accurate information regarding, among other things, their goal for the account, age, risk tolerance, and investment horizon (collectively, "Client Profile"). LPL, FutureAdvisor and IAR or Advisor (as applicable) rely on the information in the Client Profile in order to provide services under the Program, including but not limited to, determination of suitability of the Program for clients and an appropriate Investment Objective and Model Portfolio for clients. The Model Portfolios have been designed and are maintained by LPL or, in the future, a third-party investment strategist (as applicable, the "Portfolio Strategist") and shall include a list of securities holdings, relative weightings and a list of potential replacement securities for tax harvesting purposes. FutureAdvisor, IAR or Advisor (as applicable), and clients cannot change or customize the Model Portfolios. Only one Model Portfolio is permitted per account.

Clients and the IAR or Advisor (as applicable) are required to review and approve the initial Investment Objective. As a client approaches the Retirement Age or the specified date of the major purchase, the Algorithm will automatically adjust the client's asset allocation. For the General Investing Goal, the client's asset allocation generally remains static, subject to rebalancing and tax loss harvesting as described below. Any change to the Investment Objective directed by a client due to changes in the client's risk tolerance and/or Retirement Age will require written approval from the client and the IAR or Advisor (as applicable) before implementation. Failure to approve the change in Investment Objective may result in a client remaining in a Model Portfolio that is no longer aligned with the applicable Client Profile. The Investment Objective selected for the account is an overall objective for



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the entire account and may be inconsistent with a particular holding and the account's performance at any time and may be inconsistent with other asset allocations suggested to client by LPL, FutureAdvisor or IAR or Advisor (as applicable) prior to client entering into the Account Agreement. Achievement of the stated investment objective is a long-term goal for the account, and asset withdrawals may impair the achievement of client's investment objectives. A Client Profile that includes a conservative risk tolerance over a long-term investment horizon may result in the selection of an Investment Objective that is riskier than would be selected over a shorter-term investment horizon. Clients should contact the IAR or Advisor, as applicable, if they believe the Investment Objective does not appropriately reflect the Client Profile, such as their risk tolerance.

By executing the Account Agreement, clients authorize LPL and FutureAdvisor to have discretion to buy and sell exchange-traded funds ("ETFs") and open-end mutual funds ("Mutual Funds") (collectively, "Program Securities") according to the Model Portfolio selected and, subject to certain limitations described in the Account Agreement, hold or liquidate previously purchased non-model securities that are transferred into the account ("Legacy Securities"). In order to be transferred into an account, Legacy Securities must be Mutual Funds with which LPL has a full or partial selling agreement, ETFs or individual U.S. listed stocks. Securities that are not Program Securities included within the Model Portfolio will not be purchased for an account. Except for Ineligible Securities (as described below) FutureAdvisor, in its sole discretion, will determine whether to hold or sell Legacy Securities, generally, but not solely, with the goal of optimizing tax impacts for accounts that are subject to tax. Additional Legacy Securities will not be purchased for the account.

Clients may not impose restrictions on liquidating any Legacy Securities for any reason. FutureAdvisor will reject Legacy Securities transferred into the Account if accepting investment authority those securities violates regulatory or other requirements applicable to FutureAdvisor and/or one of its affiliates ("Ineligible Securities"). If Client transfers Legacy Securities into the Account, FutureAdvisor will not accept investment authority over Legacy Securities prior to determining whether any are Ineligible Securities. Ineligible Securities will be liquidated as soon as commercially practicable without regard to tax impacts for accounts that are subject to tax, which may have adverse tax consequences for Clients. Clients should not transfer in Legacy Securities that they are not willing to have liquidated without regard to tax consequences.

In addition, uninvested cash may be invested in money market funds, the Multi-Bank Insured Cash Account ("ICA") or the Deposit Cash Account ("DCA"), as applicable, as described in the Account Agreement. Dividends paid by the Program Securities in the account will be contributed to the cash allocation and ultimately reinvested into the account based on the Model Portfolio once the tolerance within cash allocation is surpassed.

Pursuant to the Account Agreement, FutureAdvisor is authorized to perform tax harvesting when deemed acceptable by the Algorithm based on the Legacy Securities' respective tax lot information. If tax lot information is missing for a Legacy Security, the Legacy Security will be retained in the Account while FutureAdvisor and IAR or Advisor (as applicable) use reasonable efforts to obtain the missing information. If the information cannot be obtained within a reasonable timeframe (generally no longer than 30 days), the Legacy Security will be sold and replaced with a Program Security in the Model Portfolio. LPL, IAR or Advisor (as applicable), and clients cannot alter trades made for tax harvesting purposes. In order to permit trading in a tax-efficient manner, the Account Agreement also grants FutureAdvisor the authority to select specific tax lots when liquidating securities within the account. Although the Algorithm attempts to achieve tax efficiencies, by doing so a client's portfolio may not directly align with Model Portfolio. As a result, a client may receive advice that differs from the advice received by accounts using the same Model Portfolio, and the client's account may perform differently than other accounts using the same Model Portfolio.

During the term of the Account Agreement, FutureAdvisor will perform a daily review of the account to determine if rebalancing is appropriate based on tolerance thresholds established by LPL and/or FutureAdvisor. At each rebalancing review, the account will be rebalanced if at least one of the account positions is outside such thresholds, subject to a minimum transaction amount established by LPL and/or FutureAdvisor. In addition, LPL and/or FutureAdvisor may review the account for rebalancing in the event that the Portfolio Strategist changes a Model Portfolio. FutureAdvisor may delay placing rebalancing transactions for non-qualified accounts by a number of days, to be determined by FutureAdvisor, in an attempt to limit short-term tax treatment for any position being sold. In addition, trading in the account at any given time is also subject to certain conditions, including but not limited to, conditions related to trade size, compliance tests, the target cash allocation and allocation tolerances. LPL, the IAR or Advisor (as applicable), and clients cannot alter the rebalancing frequency.



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IAR or Advisor (as applicable) is responsible on an ongoing basis as investment advisor and fiduciary for the client relationship, including for recommending the Program to the client; providing ongoing monitoring of the Program, the performance of client accounts, and the services of LPL and FutureAdvisor; determining initial and ongoing suitability of the program for clients; reviewing clients' suggested portfolio allocations; reviewing and approving any change in Investment Objective due to changes clients make to their Client Profile; answering questions regarding the Program, assisting with paperwork and administrative and operational details for accounts; and being available to clients to discuss investment strategies, changes in financial circumstances, objectives or accounts generally in person or via telephone. IAR or Advisor (as applicable) may also recommend other suitable investment programs.

Clients may make additions to an account as cash or Legacy Securities and may withdraw account assets at any time, subject to meeting the required account minimum balance of \$5,000 and certain other conditions described in the Account Agreement. Liquidation requests in connection with withdrawals, and changes to the Model Portfolio or Investment Objective selected may take up to 5 business days to process, and, in certain circumstances, may take longer to allocate assets, for example, depending on the ability of LPL to liquidate the Legacy Securities transferred into the account. The Program is designed as a long-term investment vehicle and asset withdrawals may impair the achievement of client's investment objectives.

Except for LPL, any Portfolio Strategists will be independent investment advisor firms. Portfolio Strategists will provide LPL on an ongoing basis with Model Portfolios that include recommended asset allocations and funds. LPL will enter into an agreement with each Portfolio Strategist for these Model Portfolio services. Except for LPL, Portfolio Strategist will not have discretion from clients to implement the Model Portfolio and will not provide individualized investment advice to specific Program clients.

In the Managed Service of GWP, LPL is appointed by each client as custodian of account assets and broker-dealer with respect to processing securities transactions for the accounts. In general, FutureAdvisor, in its capacity as investment advisor, will submit transactions through LPL; however, FutureAdvisor may choose to execute transactions through a broker-dealer other than LPL, subject to its duty to seek to achieve best execution. LPL may aggregate transactions with other clients to improve the quality of execution.

### Description of the Householding Service

The Program offers a householding service in both the Educational Tool and the Managed Service, which aggregates accounts held by clients and their spouses or spousal equivalents (referred to herein as "spouses"). To use this service, clients and their spouses must have the same goal(s), the same risk tolerance and the same investment horizon for such goal(s) in the case of a Retirement Goal or Major Purchase Goal (i.e., the same Retirement Age or the same desired date for a major purchase). Householding is based on a single Investment Objective for each goal, taking into account all of the household's account types selected for that goal to determine where certain asset classes will be placed. Although taxable and non-taxable accounts each may be concentrated with specific asset classes, Sample Recommendations will be generated or the accounts selected for a goal will be managed collectively towards that goal using a single Investment Objective. Accordingly, in the Managed Service, performance returns of one spouse or account may be materially different from those of the other spouse or another account as a result of householding.

The email address provided as part of the investor profile will be identified as that of the primary spouse. The primary spouse is issued a username and password to view and access the househomed accounts through the Investor Portal. Additionally, the primary spouse's email address will be used by LPL, the IAR or Advisor (as applicable), and FutureAdvisor to communicate with all members of the household. The secondary spouse is not provided with a separate username and password. Householding requires the secondary spouse to share personal information with the primary contact/accontholder in the household and to rely upon the primary contact/accontholder to share information and correspondence relating to the househomed accounts. Householding will also result in certain notices and other important information being provided only once to the household.

Termination of the householding service (i.e., dividing the househomed accounts into separately managed accounts) can be accomplished by direct email or telephone call to IAR or Advisor, as applicable, or by contacting the operational support desk at such phone number posted on the Investor Portal. Additional trading activity may be required to rebalance the accounts upon termination of the householding service. In addition, the spouse that separates from LPL, IAR or Advisor (as applicable), and





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FutureAdvisor relationship will need to re-enroll in the Program in order to become a user of the Educational Tool or a client of the Managed Service.

### Fee Schedule

Users of the Educational Tool do not pay any fees or expenses. However, if users decide to implement sample recommendations by executing trades, they will be charged fees, commissions or expenses by the applicable adviser and/or broker-dealer executing such trades, as well as underlying investment fees and expenses.

Clients of the Managed Service pay the following fees (collectively, the "Account Fee"):

**Advisor Fee.** The Advisor Fee is an annual fee for the investment advisory services of IAR or Advisor, as applicable, that is set out in the Account Application. The Advisor Fee is a straight percentage based on the value of all assets in the account, including cash holdings. The Advisor Fee will not exceed 1.00%. The Advisor Fee is negotiable between the client and the IAR or Advisor, as applicable, and is shared between LPL and the IAR or Advisor. LPL shares up to 100% (typically between 90% and 100%) of the Advisor Fee with the IAR or Advisor based on the agreement between LPL and the IAR or Advisor. A portion of the Advisor Fee to an IAR may be paid by the IAR to his or her LPL branch manager or another LPL representative for supervision or administrative support. There is a conflict of interest when a branch manager receives a portion of the Account Fee for supervision because the fee affects his or ability to provide objective supervision of the IAR.

**Strategist Fee.** Depending upon the model selected for the account, clients will pay a fee for the model portfolio design services of a Portfolio Strategist. However, LPL Research currently serves as the sole Portfolio Strategist and does not charge a fee for its services.

**LPL Program Fee.** Clients will pay a fee of 0.35% for the investment advisory, administrative, trading and custodial services of LPL.

LPL currently allows only one Model Portfolio to be assigned to an account. Please note, however, that if in the future an account is permitted to hold more than one model, the applicable Strategist Fee and Program Fee rate will apply to the assets invested in that model. LPL reserves the right to increase the upper limit of the Strategist Fee range and Program Fee range upon 30 days prior notice to clients. FutureAdvisor is compensated directly by LPL for its services, including the Algorithm and related software, through an annual sub-advisory fee (tiered based on assets under management by FutureAdvisor, at a rate ranging from 0.10% to 0.17%). As each asset tier is reached, LPL's share of the compensation shall increase and clients will not benefit from such asset tiers. A separate fee is not charged to clients for FutureAdvisor's services.

### How the Account Fee is Charged

LPL deducts the Account Fee and other fees and charges associated with a GWP account from the account. LPL calculates and deducts the Account Fee in the method described in the Account Agreement. Alternative payment methods that may be offered in other advisory platforms are not available in GWP.

### Payment in Advance and Refund of Pre-Paid Fees

LPL deducts the Account Fee quarterly in advance. For purposes of calculating the quarterly Account Fee and providing performance information, the account quarter will begin on the first day of the month in which the account is accepted by LPL. The initial Account Fee is deducted at the end of the first quarter in which the account is accepted and will include the prorated amount for the initial quarter. Subsequent Account Fees will be assessed at the beginning of each quarter thereafter and will be based on the value of the account assets under management as of the close of business on the last business day of the preceding quarter (as valued by an independent pricing service, where available, or otherwise in good faith as reflected in Client's account statement) and based on the fee rate in effect at the time of assessment). At the time of a subsequent Account Fee assessment, the Account Fee will be adjusted for deposits and withdrawals during the prior quarter pro rata based on the asset value of the transaction and based on the fee rate in effect at the time of the assessment. If there is a change in the Account Fee rate negotiated between IAR and Client during the quarter, the effective date of any increase or decrease will be at the beginning of the next quarterly cycle.



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If the Account Agreement is terminated before the end of the quarterly period, LPL will pay the client a pro-rated refund of any pre-paid quarterly Account Fee based on the number of days remaining in the quarter after the termination date. However, if the account is closed within the first six months by the client or as a result of withdrawals that bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly Account Fee for the current quarter in order to cover the administrative costs of establishing the account (for example, the costs related to transferring positions in and out of the account, data entry in opening the account, and re-registration of positions).

### Other Types of Fees and Expenses of LPL

In addition to the Account Fee, clients also pay LPL other additional miscellaneous administrative or custodial-related fees and charges that apply to a GWP account. LPL notifies clients of these charges at account opening and makes available a current list of these charges on its website at [lpl.com/disclosures.html](http://lpl.com/disclosures.html). These fees include, for example, a small account fee each quarter for accounts with balances under \$10,000 and an account termination fee for processing a full account transfer to another financial institution. These miscellaneous fees are not directly based on the costs of the transaction or service by LPL, may include a profit to LPL, and certain of the fees may be lowered or waived for certain clients. These fees are subject to change at the discretion of LPL. Clients are notified of these charges and any changes through information provided with their periodic statements. These fees and charges shall continue until thirty (30) days after LPL has notified client in writing of any change in the amount of the fees or charges applicable to the account, at which time the new fees or charges will become effective unless client notifies LPL in writing that the account is to be closed.

### Fees Charged by Third Parties

There are other fees and charges that are imposed by third parties other than LPL or FutureAdvisor that apply to investments in GWP accounts. Some of these fees and charges are described below. In GWP, assets are invested in Model Portfolios that currently are comprised of ETFs and may include mutual funds in the future, and, therefore, there are two layers of advisory fees and expenses for those assets. As a shareholder of a fund, Clients will pay an advisory fee to the fund manager and other expenses charged by the fund. In the case of mutual funds that are funds of funds, there could be an additional layer of fees, including performance fees that vary depending on the performance of the fund. Clients will also pay LPL and IAR or Advisor, as applicable, the Account Fee with respect to assets invested in ETFs and mutual funds. The ETFs and mutual funds available in the Program can be purchased directly outside of the Program. Therefore, clients could generally avoid an additional layer of fees by not using the advisory services of LPL, FutureAdvisor and IAR or Advisor and by making their own decisions regarding the investment.

If client transfers into a GWP account a previously purchased mutual fund as a Legacy Security, and there is an applicable contingent deferred sales charge on the fund, client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if a redemption is made within a specific time period after the investment, client will be charged a redemption fee. Depending on the share class and fee structure of the previously purchased mutual fund, LPL can receive fees such as 12b-1 fees, recordkeeping fees and revenue sharing from the previously purchased mutual fund until the position is liquidated and subsequently invested according to the GWP model. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). Decisions regarding the sale of mutual funds in an account may be made by LPL and/or FutureAdvisor without regard to whether a client will be assessed a redemption fee. Clients can find more information regarding the fees and expenses of an ETF or mutual fund in the fund's prospectus, which is available upon request from the IAR or Advisor, as applicable, or directly from the fund.

Client should be aware that Legacy Securities transferred into an account may have been subject to a commission or sales load when the security was originally purchased. If client has paid a commission on the purchase of a security in an LPL brokerage account within up to two years of the transfer of the security into the account, client may be entitled to a credit for a portion of the Account Fee.

After transfer into a GWP account, client should understand that an advisory fee will be charged based on the total assets in the account, including the transferred Legacy Securities.



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In the future, for Model Portfolios consisting of mutual funds, LPL intends to select only no-load and load-waived mutual funds. In some cases, a mutual fund in GWP will charge shareholders an asset based sales charge or service fee (e.g., 12b-1 fee) that is paid to LPL. Any 12b-1 fees paid to LPL by mutual funds (other than the cash sweep money market funds ("Sweep Funds") described in the section of Item 9 labeled "Participation or Interest in Client Transactions") are credited to the client's account.

Clients also incur charges imposed by third parties or LPL in connection with investments made through their accounts, including, but not limited to, taxes and charges required by law or imposed by exchanges or regulatory bodies. For example, an industry-wide charge mandated by a regulator applies to sales of certain securities. The amount of this regulatory fee may vary over time, and because variations might not be immediately known to LPL, the amount may be estimated and assessed in advance. To the extent that such estimated amount differs from the actual amount of the regulatory fee, LPL retains the excess. These charges will be reflected on transaction confirmations and/or monthly statements.

### Important Things to Consider About Fees on a GWP Account

- The Account Fee is a wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. The Account Fee may cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions or transaction charges to a broker-dealer 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:
  - type and size of the account
  - type of securities in the Model Portfolio (currently ETFs and possibly mutual funds in the future)
  - historical and or expected size or number of trades for the account, and
  - number and range of supplementary advisory and client-related services provided to the client.
- The Account Fee may be higher than the fees charged by other investment advisors for similar services. For instance, FutureAdvisor offers direct-to-consumer services similar to the Program. Therefore, clients could generally pay a lower advisory fee for algorithm-driven, automated ("robo") investment advisory services through FutureAdvisor or other robo providers. However, clients using such direct robo services will forgo opportunities to utilize LPL-constructed model portfolios or to work directly with a financial advisor. In addition, the Account Fee may be higher than fees charged by other advisors, particularly if the Advisor Fee component of the Account Fee is at or near the maximum fee set out above. The IAR or Advisor, as applicable, is responsible for determining the Advisor Fee to charge each client based on factors such as total amount of assets involved in the relationship and the number and range of supplementary advisory and client-related services to be provided to the account. Clients should consider the level and complexity of the advisory services to be provided when negotiating the Advisor Fee with IAR or Advisor.
- The investment products available to be purchased in the Program can be purchased by clients outside of a GWP account, through broker-dealers or other investment firms not affiliated with LPL.
- Clients should consider the impact of fees and expenses on their investment portfolio, as described in the informational brochure titled "How Fees and Expenses Affect Your Portfolio" on [lpl.com/disclosures.html](http://lpl.com/disclosures.html) under "Investor Regulatory & Educational Resources."

### ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

The Program is available for individuals (individually or jointly with another person) and their traditional individual retirement accounts ("IRAs"), Roth IRAs, and owner-only Simplified Employer Pension IRAs where the only eligible participants of the SEP IRA are the business owners and their spouses. Employee benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") ("ERISA Plans") (including SEP IRAs for employees other than business owners and their spouses) are not eligible to participate in the Program. Participation in the Program is subject to LPL's discretion, and LPL may prohibit any person from participating for any reason or no reason at all.

Use of the Educational Tool is governed by the Terms of Use. For the avoidance of doubt, the Managed Service will be provided under and governed by the Account Agreement entered into at the time of enrollment. The Terms of Use terminates upon the earlier of (i) the expiration of the user's access period, which is generally forty-five (45) days after creation of the user account (as may be extended by LPL in its sole discretion), or (ii) enrollment for the Managed Service. In addition, users may terminate their





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participation in the Educational Tool at any time by deleting their account, and LPL may, in its sole discretion, for any reason or no reason at all (i) refuse an application to use the Educational Tool; and (ii) terminate a user account upon written notice (which notice may be sent via email pursuant to the terms of the Account Agreement). There are no minimum requirements for use of the Educational Tool.

Use of the Managed Service is governed by the Account Agreement, which may be terminated by any party effective upon written notice to the other parties or by client calling the operational support desk at such phone number posted on the Investor Portal, as set forth in the Account Agreement and as described below in the event certain minimums are not maintained. In the event that a client's country of residence or citizenship status changes, such notification to LPL as required under the Account Agreement may result in termination of his or her account by LPL if LPL does not service accounts in the new jurisdiction. In addition, if a client revokes his or her consent to electronic delivery of communications, such revocation will be deemed to be a notice from the client to terminate his or her account. Once an account is terminated, it cannot be reinstated, and it will no longer trade. As further described in the Account Agreement, any amounts remaining in the account generally will be distributed to client or liquidated based on the client's instructions. IRA accounts will be deactivated. In a deactivated account, no advisory fees are charged, and LPL, FutureAdvisor, and IAR or Advisor (as applicable) have no responsibility to provide ongoing investment advice.

In order to be a client of the Managed Service, LPL requires a minimum asset value of \$5,000 for a Program account to begin being managed. In certain instances, LPL will permit a lower minimum account value. Note that an account will not be invested according to a Model Portfolio until the applicable minimum for the Model Portfolio and allocation has been reached. If LPL has not received all required forms in good order within 45 days from the day a client submits its Account Application, LPL will discard the Account Application and terminate the account immediately. In addition, if the account has not reached the minimum acceptable value of \$5,000 within 45 days of submission of all required forms in good order, LPL will terminate the account immediately. If the account value falls below \$4,000 as a result of client withdrawals or otherwise, the account will be terminated 30 days from the date the account value first fell below \$4,000 if the value of the account remains below \$4,000 at the end of the 30-day window. Withdrawals from the account may be made to the extent that the account value does not fall below \$5,000. Withdrawal requests for accounts with a value of \$5,000 or less will result in account termination.

### ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

Users of the Educational Tool are not clients of LPL, the IAR or Advisor (as applicable), or FutureAdvisor, but users of the Educational Tool receive information provided by LPL, the IAR or Advisor (as applicable), and FutureAdvisor. Therefore, the disclosures below are generally applicable to the Educational Tool, except that users of the Educational Tool will not receive performance reporting and no trading activity will occur in their accounts.

In GWP, the client selects the IAR or Advisor. Each IAR is generally required to possess a FINRA Series 65 or 66 license (to the extent required). For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR, which client should have received along with this Brochure at the time client opened the account. For more information about the third party investment advisor firm providing advisory services, clients should refer to the Advisor's Form ADV brochure or contact the Advisor for more information.

LPL makes available Model Portfolios designed by LPL in GWP. In the future, LPL may make available Model Portfolios designed by third party Portfolio Strategists, in which case, LPL will select and review on an ongoing basis the third party Portfolio Strategists available on GWP.

FutureAdvisor's Algorithm selects the Program Securities within an account based on the Model Portfolio selected for the account. In addition, FutureAdvisor, in its sole discretion, determines whether to hold or sell Legacy Securities, generally but not solely with the goal of achieving tax optimization, is authorized to perform tax harvesting when deemed acceptable by the Algorithm, and performs a daily review of the account to determine if rebalancing is appropriate based on tolerance thresholds established by LPL and/or FutureAdvisor.

In the future, LPL may use information provided by a third party Portfolio Strategist and also may use independent, third party data sources when evaluating such Portfolio Strategist. Third party Portfolio Strategist performance information will not be



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calculated on a uniform and consistent basis. LPL will not review performance information to determine or verify its accuracy and does not calculate third party Portfolio Strategist performance.

### LPL as a Portfolio Strategist

In GWP, clients invest in Model Portfolios designed by LPL Research. LPL Research provides various types of advisory services. LPL Research provides research recommendations on asset allocation and ETFs and mutual funds. LPL Research provides investment advice on mutual fund selection and allocation through other LPL advisory programs, such as Optimum Market Portfolios, Personal Wealth Portfolios and Model Wealth Portfolios. LPL Research also reviews and recommends outside portfolio management firms for LPL's separately managed account wrap program, Manager Select.

Based upon a client's risk tolerance as indicated in the Client Profile, the client is assigned an investment allocation track (currently Fixed Income Tilt, Balance Tilt or Equity Tilt) for a Retirement Goal or a Major Purchase Goal, the purpose of which is to slowly rotate the client's equity allocation to fixed income and cash over time. LPL Research created these tracks using academic research on optimal retirement allocations, the industry averages as calculated by Morningstar for the target date fund universe, and input from FutureAdvisor.

Within the applicable allocation track and based upon either a client's chosen Retirement Age in the Client Profile or the desired date of a major purchase, as applicable, the client will be assigned a Model Portfolio and one of five of LPL's standard investment objectives:

- *Income with capital preservation.* Designed as a longer term accumulation account, this investment objective is considered generally the most conservative. Emphasis is placed on generation of current income with minimal risk of capital loss. Lowering the risk generally means lowering the potential income and overall return.
- *Income with moderate growth.* This investment objective emphasizes generation of current income with a secondary focus on moderate capital growth.
- *Growth with income.* This investment objective emphasizes modest capital growth with some focus on generation of current income.
- *Growth.* This investment objective emphasizes achieving high long-term growth and capital appreciation. There is little focus on generation of current income.
- *Aggressive growth.* This investment objective emphasizes aggressive growth and maximum capital appreciation, with no focus on generation of current income. This objective has a high level of risk and is for investors with a longer timer horizon.

For the General Investing Goal, the client is assigned one of the Investment Objectives listed above and a Model Portfolio based upon the client's risk tolerance as indicated in the Client Profile. The client's asset allocations generally remain static, subject to rebalancing and tax loss harvesting as described below.

It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

### Types of Investments and Risks

The Model Portfolios include ETFs and may include mutual funds in the future. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some risks associated with investing and with some types of investments that are available in the Program. Although LPL, the IAR or Advisor (as applicable), and FutureAdvisor will not make any investment decisions for, or engage in any trading activity on behalf of, users of the Educational Tool, the investment risks described below are generally applicable to the information provided to users of the Educational Tool.

- *Market Risk.* This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- *Interest Rate Risk.* This is the risk that the fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund or ETF with a longer duration will be more sensitive to changes in interest rates than a bond or fixed income fund or ETF with a shorter duration. Program Securities do not include individual fixed income securities, but Program Securities may include ETFs or mutual funds that hold fixed income securities.



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- **Credit Risk.** This is the risk that an investor (in this case, an investor holding Program Securities that invest in fixed income securities) could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations. Program Securities do not include individual fixed income securities, but Program Securities may include ETFs or mutual funds that hold fixed income securities.
- **Liquidity Risk.** This is the risk that an investor would not be able to sell or redeem an investment quickly, or would not be able to sell or redeem an investment quickly without significantly affecting the price. Liquidity risk is heightened when markets are distressed. Generally, alternative investments have higher liquidity risk than equities, fixed income securities or mutual funds or ETFs.
- **Issuer-Specific Risk.** Program Securities do not include securities of individual companies, but clients may transfer-in Legacy Securities, including individual U.S. listed stocks, and therefore an account might be exposed to issuer-specific risk. This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- **Investment Company Risk.** To the extent a client account invests in ETFs or other investment companies, its performance will be affected by the performance of those other investment companies. Investments in ETFs and other investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses. If a client account invests in other investment companies, the client account may receive distributions of taxable gains from portfolio transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.
- **Concentration Risk.** To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.
- **Sector Risk.** To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.
- **Alternative Strategy Mutual Funds and ETFs.** Certain ETFs and/or mutual funds available in the Program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with ETFs and mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry. These types of funds and ETFs tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.
- **Exchange-Traded Funds (ETFs).** ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs may be closed and liquidated at the discretion of the issuing company.



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- *Time Sensitivity.* Any recommendations provided or other information that appears on the Investor Portal may be time sensitive, especially during times of significant market volatility and when there are time limits on the availability of a particular investment product.
- *Tax-Loss Harvesting.* The tax-loss harvesting feature of the Managed Service involves a variety of risks. You should confer with your personal tax advisor regarding the tax consequences of investing with the Program and engaging in the tax-loss harvesting strategy, based on your particular circumstances. You and your personal tax advisors are responsible for how the transactions in your account are reported to the IRS or any other taxing authority. None of LPL, the IAR or Advisor (as applicable), or FutureAdvisor assumes any responsibility to you for the tax consequences of any transaction. The Program's tax-loss harvesting strategy is not intended as tax advice, and none of LPL, the IAR or Advisor (as applicable), or FutureAdvisor represents in any manner that the tax consequences described will be obtained or that the Program's investment strategy will result in any particular tax consequence. The tax consequences of this strategy are complex and may be subject to challenge by the IRS. This strategy was not developed to be used by, and it cannot be used by, any investor to avoid penalties or interest. You should be aware that if you and/or your spouse have other taxable or non-taxable accounts, and you hold in those accounts any of the securities (including options contracts) held in your GWP account, you cannot trade any of those securities 30 days before or after the Program account trades those same securities as part of the tax-loss harvesting strategy to avoid possible wash sales and, as a result, a nullification of any tax benefits of the strategy. For more information on the wash sale rule, please read IRS Publication 550. In addition, when FutureAdvisor replaces investments with "similar" investments as part of the tax-loss harvesting strategy, it is a reference to investments that are expected, but are not guaranteed, to perform similarly and that might lower an investor's tax bill while maintaining a similar expected risk and return on investor's portfolio. Expected returns and risk characteristics are no guarantee of actual performance.

In addition to the risks described above, the Program involves certain additional risks due to its automated nature and reliance on the Algorithm and technology systems.

- *Reliance on Electronic Communications and Delivery.* Both the Educational Tool and Managed Service are primarily online services, and communications concerning the Program are intended to occur primarily through electronic means (including but not limited to, through email communications or through the Investor Portal, although the IAR or Advisor, as applicable, will be available to discuss investment strategies, objectives or the account in general in person or via telephone. Therefore, the Program differs from more traditional advisory relationships in which an IAR or Advisor has more frequent personal interactions with a client. Persons looking for more personal communications should consider whether the Educational Tool or Managed Service, as applicable, will meet their communication preferences. As set forth in the Terms of Use or the Account Agreement, as applicable, users and clients consent to the electronic delivery of all current and future Form ADVs, brochure supplements, privacy notices, prospectuses and offering documents, tax forms and other legal and regulatory notices, disclosures, reports and other communications, including delivery through the Investor Portal, to your e-mail address of record or to such other password-protected website as LPL may designate.
- *Investment Horizon.* The Retirement Goal and the Major Purchase Goal are only appropriate for investors with medium- to long-term investment horizons, before such investors plan to access assets that are invested pursuant to the Program. If investors need access to the assets in their accounts at any point prior to the end of the investment horizon, the prices at which these assets are liquidated may cause them to experience a material loss and will negatively compromise the ability of LPL and FutureAdvisor to help them meet the Investment Objective.
- *Reliance on Information Provided by User or Client; Protecting Your Account.* LPL, the IAR or Advisor (as applicable), and FutureAdvisor provide advice and recommendations based on the information you provide to us regarding your investment objectives, financial condition, income, other investments, and all other information requested of you when using the Educational Tool or becoming a client of the Managed Service. If a user or client were to provide LPL, the IAR or Advisor, and FutureAdvisor with incomplete or inaccurate information, such omissions or inaccuracies could materially impact the quality and applicability of recommendations of LPL, the IAR or Advisor, or FutureAdvisor. In addition, users and clients are responsible for monitoring and updating information provided in the event of changes (e.g., contact information or life event changes, such as a change to Retirement Age), that could impact the recommendations made by the Program. You are solely responsible for additions to and withdrawals from your account and for maintaining the confidentiality of any password you select for your



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account. You are required to notify LPL, the IAR or Advisor, and FutureAdvisor in the event you become aware of unauthorized use of your account or any other security breach related to your use of the Educational Tool or Managed Service.

- *Third Party Account Access.* As further explained in the Terms of Use or the Account Agreement, as applicable, users and clients have the ability to allow the Program to access information for any accounts held with third party financial institutions, such as a brokerage firm ("Third Party Account Information"). To use this feature, you must enter into the Investor Portal your user ID, password and other login information and credentials ("Third Party Account Access Information") necessary to access the Third Party Account Information. If you authorize access to Third Party Account Information, you expressly permit LPL, the IAR or Advisor (as applicable), and FutureAdvisor to use your Third Party Account Access Information to access Third Party Account information in connection with the services provided. A third party service provider (the "Aggregation Vendor") serves as a conduit between your third party financial institutions and LPL, the IAR or Advisor, and FutureAdvisor. LPL, the IAR or Advisor (as applicable), and FutureAdvisor do not store the Third Party Access Information. Users of the Educational Tool and clients using the Managed Service can disable this feature and access to Third Party Account Information at any time.
- *Limitations of the Educational Tool.* The Educational Tool is intended to provide you with access to tools and analysis to assist you in evaluating your investment goals. You are fully responsible for determining whether and when to implement any analysis and recommendations provided through the Educational Tool. In addition, recommendations of LPL, the IAR or Advisor (as applicable), and FutureAdvisor are generally limited in scope to the questions LPL, the IAR or Advisor, and FutureAdvisor ask through the Investor Portal and the information that users and clients provide. The Educational Tool does not provide comprehensive financial planning, and there may be other relevant factors and financial considerations (e.g., debt load or financial obligations) that LPL, the IAR or Advisor, and FutureAdvisor do not take into consideration in formulating the analysis and advice provided. Any recommendations provided by the Educational Tool are not intended to comprise any user's complete investment program because none of LPL, the IAR or Advisor, and FutureAdvisor is necessarily aware of the user's aggregate investible and invested assets and does not manage the user's accounts and assets on a discretionary basis. Users should contact their IAR or Advisor to discuss any such additional information or other financial circumstances that they believe may be relevant to the advice provided through the Program.
- *Limitations of the Managed Service.* With respect to the Managed Service, the recommendations provided by LPL, the IAR or Advisor (as applicable), and FutureAdvisor are not intended to comprise the client's complete investment program to the extent that a client has investible and invested assets held in ERISA Plans, or other accounts that the client (or his or her spouse or spousal equivalent) has not transferred into the account. In addition, recommendations of LPL, the IAR or Advisor (as applicable), and FutureAdvisor are generally limited in scope to the questions LPL, the IAR or Advisor (as applicable), and FutureAdvisor ask through the Investor Portal and the information that users and clients provide. There may be additional information or other financial circumstances not considered by LPL, the IAR or Advisor (as applicable), and FutureAdvisor based on the questions asked at the time a user or client establishes their Investment Objective that would inform the investment advice and recommendations provided by LPL, the IAR or Advisor (as applicable), and FutureAdvisor. Clients should contact their IAR or Advisor, as applicable, to discuss any such additional information or other financial circumstances that they believe may be relevant to the advice provided through the Program.
- *Reliance on the Algorithm.* The Program recommendations are highly reliant on the accurate operation of the Algorithm and the technology that generates this Algorithm. A malfunction or failure in either could cause users and clients to experience losses, some or all of which could be significant. The Algorithm employs a number of quantitative models that involve assumptions based upon a limited number of variables that may be extracted from complex financial markets or instruments that they intend to replicate. There can be no assurance that the Adviser has taken into account all appropriate factors in crafting the Algorithm, and any one or all of these assumptions, whether or not supported by past experience, could prove over time to be incorrect, which could result in major losses. In addition, although FutureAdvisor monitors and updates the Algorithm on an ongoing basis, there may be a delay between the time events occur, especially during times of significant market volatility, and the time models and assumptions underlying the Algorithm are updated to take into account such events. As a result, any such delays may have a negative impact on the recommendations made for accounts.
- *Reliance on Data.* The Program is highly reliant on data from third-party and other external sources, including any Third Party Account Information provided. FutureAdvisor will use its discretion to determine what data to gather with respect to any strategy or method, which may have an impact on trading decisions. In addition, due to the automated nature of such data





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gathering and the fact that much of this data comes from third-party sources, including Third Party Account Information, not all desired and/or relevant data will be available to, or processed by, FutureAdvisor at all times. There is no guarantee that any specific data or type of data will be utilized in generating recommendations for users or clients or making trading decisions on behalf of the clients, nor is there any guarantee that the data actually utilized in making investment recommendations on behalf of users and clients and trading decisions on behalf of clients will be (i) the most accurate data available or (ii) free of errors.

- *Reliance on Technology; Back-up Measures; Cyber Security Breaches and Identity Theft.* The Program's investment activities and investment strategies are dependent upon various computer and telecommunications technologies, many of which are provided by or are dependent upon third parties such as the Aggregation Vendor, data feed, data center, telecommunications, or utility providers. The successful deployment, implementation, and/or operation of such activities and strategies, and various other critical activities provided by LPL, the IAR or Advisor (as applicable), and FutureAdvisor on behalf of its users and clients, could be severely compromised, damaged or interrupted by system, network or component failure, computer and telecommunications failure, power loss, a software-related "system crash," unauthorized system access or use (such as "hacking"), computer viruses and similar programs, other security breaches, fire or water damage or other catastrophic events, power outages, human errors in using or accessing relevant systems, or various other events or circumstances. It is not possible to provide comprehensive and foolproof protection against all such events, and no assurance can be given about the ability of applicable third parties to continue providing their services. Any event that compromises, interrupts or renders inoperable such systems or operations could have a material adverse effect on clients, including by preventing LPL, the IAR or Advisor (as applicable), or FutureAdvisor from trading, modifying, liquidating, and/or monitoring its clients' investments. In the case of events that compromise, interrupt or render inoperable systems or operations of LPL, the IAR or Advisor (as applicable), or FutureAdvisor, LPL hopes to resume trading, modifying, liquidating, and/or monitoring its clients' investments relatively promptly, subject to any circumstances that are outside the control of LPL. In the case of severe business disruptions (e.g., regional power outage or loss of personnel), LPL may not resume such activities for one or more business days because (among other things) such resumption is dependent on other critical business constituents, such as brokers and exchanges, and on the nature of the disruption. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, LPL, the IAR or Advisor (as applicable), and/or FutureAdvisor may have to make a significant investment to fix or replace them. Although the foregoing reflects LPL's objectives, designs, and/or plans, no assurance can be given that these objectives, designs, and/or plans will be realized, or that, in particular, LPL would be able to resume operations following a business disruption. In addition, the failure of these systems and/or of disaster recovery plans for any reason could result in a failure to maintain the security, confidentiality or privacy of sensitive data, including users' or clients' personal information. Such a failure could harm LPL, the IAR or Advisor (as applicable), or FutureAdvisor, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.
- *Algorithm and Investor Portal Modifications.* LPL and FutureAdvisor reserve the right to enhance or otherwise modify the Algorithm or other elements of the Investor Portal at any time without notice to clients in order to make changes LPL and/or FutureAdvisor deem necessary or appropriate for the provision of the Educational Tool or the Managed Service. These changes may at times, have a material impact on the Algorithm or the analysis and advice provided through the Investor Portal. While these changes are intended to improve or enhance the performance, reliability or utility of the Algorithm, the Educational Tool, the Managed Service or the Investor Portal, there can be no guarantee that such changes will result in the desired improvement or enhancement. In some cases, these enhancements or modifications may cause unforeseen consequences with the provision of the Educational Tool or the Managed Service that could be detrimental to clients. Use of the Educational Tool or the Managed Service is subject to such risks.
- *Projections on the Investor Portal.* The Investor Portal includes certain projections based upon Monte Carlo simulations (as described in further detail on the Methodology and Assumptions page of the Investor Portal). Such projections are based on the capital market assumptions of FutureAdvisor's affiliate, Black Rock, Inc. In contrast, LPL utilizes its own capital market assumptions in constructing the Model Portfolios. LPL and FutureAdvisor do not anticipate significant differences between their respective capital markets assumptions. Your investment returns, however, will likely differ,



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possibly materially, from the projections for a variety of reasons (see the Methodology and Assumptions page of the Investor Portal for further details).

### Voting Client Securities

In GWP, LPL, IAR or Advisor (as applicable), and FutureAdvisor do not accept authority to vote client securities. Clients retain the right to vote all proxies that are solicited for securities held in the account. Clients will receive proxies or other solicitations from LPL. When LPL delivers mutual fund shareholder reports and proxies to clients, LPL is reimbursed by the mutual fund for the delivery costs. The maximum fee that can be charged for delivery is set by New York Stock Exchange (NYSE) rules. If LPL uses a vendor to perform the delivery, the vendor seeks reimbursement from the mutual fund on LPL's behalf and in certain cases remits a portion of the reimbursement to LPL. If clients have questions regarding the solicitation, they should contact the contact person that the issuer identifies in the proxy materials or their IAR or Advisor, as applicable. In addition, clients retain the right and obligation to take action with respect to legal proceedings relating to securities held in the account.

### ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

Users of the Educational Tool complete an investor profile, including risk tolerance and Retirement Age or desired date of a major purchase, if applicable. Clients of the Managed Service complete the investor profile and also complete an Account Application which is a part of the Account Agreement.

In quarterly communications with clients of the Managed Service, the IAR or Advisor, as applicable, asks clients to contact him or her if there have been any changes in the client's financial situation or investment objective. Because the role of any Portfolio Strategist (other than LPL) will be limited to providing Model Portfolios to LPL, and will not involve individualized discretionary advisory services to GWP clients, LPL does not intend to communicate specific client information to Portfolio Strategists. FutureAdvisor has access to all user and client information.

Users and clients should understand that the investment objective selected for the Program is an overall objective for the entire account and may be inconsistent with a particular Sample Recommendation or holding and, for clients, the account's performance at any time. Users and clients also should be aware that achievement of the stated investment objective is a long-term goal for the account.

### ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

LPL does not place any restrictions on a user's or client's ability to contact and consult with IARs or Advisors, as applicable, and users and clients should contact their IARs or Advisor, as applicable, with any questions regarding the Program. Because the role of any Portfolio Strategist (other than LPL) will be solely to provide Model Portfolios to LPL, and not to provide individualized discretionary advisory services to GWP users or clients, third party Portfolio Strategists generally will not be available to be contacted or consulted by GWP users or clients. Users or clients are generally expected to direct questions to IARs or Advisor, as applicable, but they may also contact the operational support desk at such phone number posted on the Investor Portal.

### ITEM 9 ADDITIONAL INFORMATION

#### Disciplinary Information

LPL entered into a settlement with the SEC in connection with LPL's failure to comply with its Customer Identification Program procedures. The SEC found that LPL willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder and was a cause of a third party's violations of Sections 17(a)(2) and (3) of the Securities Act and Section 206(2) of the Advisers Act. The SEC ordered LPL to cease and desist from committing or causing any further violations of these laws and regulations, censured LPL for its conduct, and ordered the payment of disgorgement and prejudgment interest totaling \$141,202 (deemed satisfied based on LPL's voluntary remedial payment of \$4,118,876 to the impacted client), and the payment of a civil money penalty of \$750,000.

As part of a voluntary self-reporting initiative in 2019, LPL entered into a settlement with the SEC in which the SEC found that LPL willfully violated Section 206(2) and 207 of the Investment Advisers Act of 1940 (the "Advisers Act") in connection with inadequate disclosure to clients of its and its associated persons' conflicts of interest related to its receipt of 12b-1 fees and/or



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its selection of mutual fund share classes that pay such fees. The SEC ordered LPL to cease and desist from committing or causing any violations of Sections 206(2) and 207 of the Advisers Act, censured it for its conduct, and ordered the payment of disgorgement and prejudgment interest to affected investors totaling \$9,333,516.

LPL, as a broker-dealer, is a member of FINRA and has found to be in violation of FINRA's rules related to its brokerage activities. In particular, LPL consented to sanctions related to the following matters:

- LPL's supervisory systems and procedures relating to record retention, fingerprinting and screening of certain associated persons, and supervision of consolidated reports, resulting in a censure, a fine of \$6,500,000 and an undertaking to review and enhance related policies, systems and procedures (2020).
- LPL's supervisory systems and procedures relating to changes in the authority of custodians of accounts established under the Uniform Gifts to Minors Act and/or the Uniform Transfers to Minors Act, resulting in a censure, a fine of \$300,000, and an undertaking to review and enhance its policies, systems, and procedures related to supervision of such accounts (2019).
- The effectiveness of LPL's anti-money laundering program, LPL's failure to amend certain Forms U4 and U5, and LPL's systems and supervisory procedures relating to Forms U4 and U5 reporting requirements, resulting in a censure and a fine of \$2,750,000 and an undertaking to review the process used to disclose customer complaints on Forms U4 and U5 (2018).
- LPL's brokerage supervisory and disclosure procedures related to the sale of certain brokered certificates of deposit in brokerage accounts, resulting in a censure and a fine of \$375,000 (2018).
- LPL's systems and supervisory procedures relating to the creation and distribution of certain required account notices, resulting in a censure, a fine of \$900,000, and an undertaking to review affected processes (2016).
- LPL's systems and supervisory procedures relating to the format in which certain electronic records were retained, resulting in a censure and a fine of \$750,000 (2016).
- LPL's various brokerage supervisory procedures, including those related to the sale of complex non-traditional ETFs, variable annuity ("VA") contracts, real estate investment trusts ("REITs") and other products in brokerage accounts, as well as LPL's failure to monitor and report trades and deliver trade confirmations, resulting in a censure and a fine of \$10,000,000, and restitution of \$1,664,592 (2015).
- LPL's processing and supervision of the sale of alternative investments, including non-traded REITs, resulting in a censure and a fine of \$950,000 (2014).
- LPL's systems and procedures related to the review and retention of email, resulting in a censure, a fine of \$7.5 million, and establishment of a fund of \$1.5 million to cover payments to eligible former brokerage customer claimants who may not have received all emails in connection with their claim (2013).
- LPL's supervisory systems to monitor and ensure the timely delivery of mutual fund prospectuses, resulting in a censure and a fine of \$400,000 (2012).

LPL, as a broker-dealer, is regulated by each of the 50 states and has been the subject of orders related to the violation of state laws and regulations in connection with its brokerage activities. In particular, LPL entered into consent orders related to the following matters:

- LPL's supervision of an LPL representative under a heightened supervision plan, resulting in a cease and desist order; a fine of \$275,000; payments of restitution, disgorgement and investigative costs; and offers of payment of surrender charges in connection with variable annuity contracts for impacted customers (New Hampshire or "NH", 2020).
- LPL's failure to timely register (or maintain the registration of) certain agents in Massachusetts ("MA") and failure to amend Forms U4 and U5 for certain agents registered in MA, resulting in a censure, a fine of \$1,100,000, and an undertaking to review and enhance its policies and procedures related to registering its agents in MA and filing reportable events (MA, 2019).
- LPL's brokerage supervisory procedures relating to email review and annual branch office examinations, resulting in a civil penalty of \$450,000 and an undertaking for third-party review of related processes (Indiana, 2018).
- The sale of unregistered, non-exempt securities in violation of state registration requirements, resulting (upon entry of the individual consent order) in payment to each participating state or jurisdiction of a civil penalty of \$499,000, reimbursement of certain investigative expenses, remediation through repurchase of certain securities and payment of losses to certain affected



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customers, and certain additional undertakings (Settlement with up to 53 members of the North American Securities Administrators Association (NASAA), 2018).

- The sale of non-traded alternative investments in excess of prospectus standards or LPL's internal guidelines and the maintenance of related books and records, resulting in a censure, a fine of \$950,000, a \$25,000 contribution to an investor education fund and remediation of losses to impacted customers (New Jersey, 2017).
- LPL's supervisory practices for LPL representatives located on the premises of a credit union, resulting in a censure, a fine of \$1,000,000, and an undertaking to avoid investor confusion specific to the name under which the credit union does business and review LPL's related policies and procedures (MA, 2017).
- LPL's oversight of certain VA transactions, resulting in a censure, a fine of \$975,000, restitution to clients and former clients of an LPL representative, disgorgement of commissions retained by LPL in connection with such representative's VA sales, and an undertaking to review such representative's brokerage and advisory activities and LPL's related policies and procedures (MA, 2017).
- The sale in brokerage accounts of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an aggregate civil penalty of \$1,425,000, reimbursement of certain investigative expenses and remediation of losses to impacted customers (Global settlement with certain members of NASAA, 2015).
- The sale of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an administrative fine of \$250,000, reimbursement of investigative costs of \$250,000, a \$250,000 contribution to an investor education fund and remediation of losses to impacted customers (NH, 2015).
- The sale of leveraged and inverse leveraged ETFs ("Leveraged ETFs"), resulting in an administrative fine of \$50,000 (Delaware), a penalty of \$200,000 (MA), restitution to Delaware customers in an amount up to \$150,000, restitution to MA customers in an amount up to \$1,600,000, and an agreement to make certain changes in its supervisory system with respect to Leveraged ETFs (2015).
- Failure to implement procedures related to the use of senior-specific titles by LPL representatives as required under MA law, resulting in a censure and a fine of \$250,000 (2015).
- Failure to detect improper and fraudulent conduct by an LPL representative, resulting in a censure, a fine of \$500,000, and restitution to impacted customers; and failure to adequately enforce supervisory procedures and maintain certain books and records required under Illinois law in connection with certain VA exchange transactions, resulting in a censure, a fine of \$2,000,000, and restitution to impacted customers (2014).
- The sale of non-traded REITs to MA residents in excess of MA concentration limits, resulting in a censure, a fine of \$500,000, and restitution to impacted customers (2013).

For more information about those state events and other disciplinary and legal events involving LPL and its IARs, users and clients should refer to Investment Advisor Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA BrokerCheck at [www.finra.org](http://www.finra.org).

### Other Financial Industry Activities and Affiliations

LPL is a broker-dealer registered with FINRA and the SEC. As a broker-dealer, LPL transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, REITs and other investment products. LPL is registered to operate in all 50 states and has primarily an independent-contractor sales force of registered representatives and IARs dispersed throughout the United States. LPL has a dedicated team of employee IARs in its home office who service certain accounts in the absence of an IAR, and also a small subset of IARs who operate their own offices or are located on the premises of certain financial institutions and are employees of LPL Employee Services, LLC, an LPL-affiliated company. IARs may be registered representatives of LPL. If required for their positions with a registered broker-dealer, LPL's principal executive officers are securities licensed as registered representatives of LPL. LPL is also registered as an introducing broker with the Commodity Futures Trading Commission. In addition, LPL is qualified to sell insurance products in all 50 states.

With respect to GWP services provided by an Advisor (rather than one of LPL's IARs), associated persons of Advisor may also be broker-dealer registered representatives of LPL or another broker-dealer. If an associated person of Advisor is a broker-dealer



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registered representative of LPL, that person is providing advisory services to a Program account on behalf of Advisor. That person is not acting in a broker-dealer capacity or on behalf of LPL with respect to the Program.

LPL and The Private Trust Company, N.A. ("PTC"), a federally chartered non-depository bank licensed to provide trust services in all 50 states, are related persons. PTC serves as IRA custodian for Program accounts set up as individual retirement accounts. PTC also provides personal trustee services to clients for a variety of administrative fiduciary service, which services may relate to a Program account. Because LPL and PTC are affiliated companies and share in revenues, there is a financial benefit to the companies if a client uses PTC as a custodian or for personal trustee services, or if a PTC client uses LPL as an investment advisor. PTC's IRA custodian and trustee services and fees are established under a separate engagement between the client and PTC.

LPL and Allen & Company of Florida, LLC ("Allen & Co."), an investment advisor firm, are affiliated companies. In addition, investment advisor representatives of Allen & Co. are typically brokerage registered representatives of LPL. Allen & Co. recommends LPL's advisory programs, including GWP. Because of the affiliation, Allen & Co. has an incentive to recommend LPL advisory programs to clients over other programs and services.

Fortigent, LLC ("Fortigent"), is a registered investment advisor and related person of LPL. From time to time, LPL registered representatives may enter into agreements with Fortigent for research and reporting services.

LPL's parent company, LPL Holdings, Inc. ("LPL Holdings") has entered into an agreement to acquire Waddell & Reed, Inc., a registered investment adviser and broker-dealer ("Waddell & Reed") and Fiduciary Trust Company of New Hampshire, a non-depository trust company ("FTC"), in a transaction expected to close in late April of 2021. As a result of the transaction, Waddell & Reed and FTC will become wholly-owned subsidiaries of LPL Holdings. After the Waddell & Reed advisory and brokerage business is transitioned to LPL, it is expected that Waddell & Reed will be de-registered and wound down.

LPL IARs are permitted to engage in certain LPL-approved business activities other than the provision of brokerage and advisory services through LPL, and in certain cases, an IAR could receive greater compensation through the outside business than through LPL. An IAR could also be an accountant, real estate agent, tax preparer, lawyer or refer customers to other service providers and receive referral fees, for example. As other examples, an IAR could provide advisory or financial planning services through an independent unaffiliated investment advisory firm, sell insurance through a separate business, or provide third-party administration to retirement plans through a separate firm. If an IAR provides investment services to a retirement plan as a representative of LPL and also provides administration services to the plan through a separate firm, this typically means the IAR is compensated from the plan for the two services. If you engage with an IAR for services separate from LPL, you may wish to discuss with him or her any questions you have about the compensation he or she receives from the engagement.

### Code of Ethics and Personal Trading

LPL has adopted a code of ethics that includes guidelines regarding personal securities transactions of its employees and IARs. The code of ethics permits LPL employees and IARs to invest for their own personal accounts in the same securities that LPL and IARs purchase for clients in Program accounts (or that are recommended to users). This presents a conflict of interest because trading by an employee or IAR in a personal securities account in the same security on or about the same time as trading by a client can disadvantage the client. LPL addresses this conflict of interest by requiring in its code of ethics that LPL employees and IARs report certain personal securities transactions and holdings to LPL. LPL has procedures to review personal trading accounts for front-running. In addition, employees in LPL's Research Department are required to obtain pre-clearance prior to purchasing certain securities for a personal account. Employees and IARs are also required to obtain pre-approval for investments in private placements and initial public offerings. A copy of the code of ethics is available to clients or prospective clients upon request and is available at [lpl.com/disclosures.html](http://lpl.com/disclosures.html).

With respect to GWP services provided by an Advisor (rather than one of LPL's IARs), clients should refer to Advisor's Form ADV brochure for more information about the Advisor's code of ethics and personal trading policies.

### Participation or Interest in Client Transactions

Purchases of mutual fund shares are typically processed through LPL's proprietary account resulting in such purchases being characterized as principal transactions for certain reporting purposes. In such case, the shares will be purchased at the fund's net





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asset value, and no additional charges will be applied to such transactions as a result of LPL's use of a proprietary account. LPL does not otherwise engage in principal transactions with its clients in GWP. LPL's parent company, LPL Financial Holdings Inc., is a publicly traded company. LPL Financial Holdings Inc. stock may not be purchased in GWP accounts. However, a model may include an ETF or mutual fund that holds LPL Financial Holdings Inc. stock as an underlying investment, for example, an ETF that seeks to replicate the performance of an investment services index that includes LPL Financial Holdings Inc.

For certain ETFs and stocks, LPL executes trades in fractional shares of those securities as an accommodation to clients. There is not an active open market for fractional shares, and executing trades with LPL is most often the only form of liquidity for a client that holds fractional shares in his or her account. LPL does not receive any compensation in addition to advisory fees for executing trades in fractional shares for a client's advisory account. LPL will only buy and sell fractional shares when a client is also trading whole shares of the security, in connection with a dividend reinvestment plan, or to sell remaining fractional shares to close a position. Trades in fractional shares will happen on the same day and at the same price as a trade in whole shares, or otherwise at market closing price.

### 12b-1 Fees; Recordkeeping Services and Compensation; Revenue Sharing Arrangements

Some previously purchased mutual funds (as Legacy Securities in GWP) charge shareholders a 12b-1 fee, and, in the future, mutual funds selected in a Model Portfolio may charge shareholders a 12b-1 fee. To the extent a mutual fund charges a 12b-1 fee, the fee will be paid to LPL by the mutual fund. Any 12b-1 fees paid to LPL by mutual funds (other than Sweep Funds) will be credited to the account.

LPL performs recordkeeping, administrative and shareholder services on behalf of mutual funds and receives compensation for the services based on mutual fund holdings of GWP clients (as Legacy Securities today, but in the future as holdings in a Model Portfolio). These services include establishing and maintaining accounts with the funds, facilitating settlement of funds, responding to customer inquiries and requests, and maintaining sub-account records reflecting the issuance, exchange or redemption of shares by each program account. A type of recordkeeping service that LPL provides to certain mutual fund families is to process transactions on an omnibus basis, which means that LPL consolidates client trades into one daily trade with a fund, and maintains all pertinent shareholder information for the fund. If LPL does not provide omnibus services to a mutual fund, then fund shares are traded on a networked basis, which means LPL submits a separate trade for each individual client trade to the fund. In that case, LPL maintains only certain elements of the fund's shareholder information.

The compensation LPL receives from a fund for recordkeeping, administrative, and shareholder services is based on the amount of GWP client assets that are invested in the fund (up to 0.30% annually), or the number of positions held by GWP clients in the fund (up to \$25 per position). In addition, LPL charges a setup fee to product sponsors when adding new investment products or share classes of an investment product to LPL's investment platforms. In the case of exchange traded products, LPL receives up to \$7,500 per product and up to an additional \$15,000 per product for complex exchange-traded products. In the case of mutual funds, LPL receives a one-time set up fee of up to \$40,000 to add the sponsor to its recordkeeping platform, which is the sum of a \$15,000 due diligence fee and a setup fee of \$5,000 per fund (up to a maximum of \$25,000 total for all funds). LPL does not share this compensation with its IARs, Advisors or FutureAdvisor.

LPL has fee arrangements with investment advisors or distributors ("sponsors") of ETFs and mutual funds that are available for purchase through the Program, called revenue sharing. Under these arrangements, the sponsor pays LPL a fee based on the amount of client sales or assets invested in the sponsor's funds or a fixed fee, and LPL provides marketing support to the sponsor and allows the sponsor to access LPL representatives so that the sponsor can promote such ETFs and/or mutual funds. The maximum revenue sharing fee received by LPL under these arrangements is 0.15% annually. LPL does not accept revenue sharing fees for assets held in retirement accounts. LPL does not require that a fund sponsor participate in revenue sharing arrangements for the sponsor's funds to be selected for a Model Portfolio. In some cases, LPL receives compensation from a fund for the provision of services in addition to LPL's receipt of revenue sharing payments from the fund's sponsors. Such compensation includes 12b-1 fees and mutual fund recordkeeping compensation (described above).

The revenue that LPL receives from 12b-1 fees, recordkeeping compensation, and revenue sharing arrangements is an important revenue stream and presents conflicts of interest that affect LPL's ability to provide clients with unbiased, objective investment



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advice concerning the retention of Legacy Securities and, in the future, the selection of funds and share classes for a Model Portfolio. In particular, LPL has a financial incentive: (i) to retain or select a fund or a share class that charges a 12b-1 fee and/or pays recordkeeping compensation to LPL over another comparable fund or a share class that does not charge 12b-1 fees or pay recordkeeping compensation; (ii) to retain or select a fund sponsored by a company that makes revenue sharing payments to LPL, instead of another comparable fund whose sponsor does not make such payments; and (iii) to retain or select a fund or a share class that charges 12b-1 fees, pays recordkeeping compensation to LPL, or whose sponsor makes revenue sharing payments to LPL that, in each case, are comparatively higher than those charged or paid by another comparable fund or share class or a sponsor of such funds or share classes. Such other comparable funds and/or share classes may be more appropriate for a client than the fund or share class offered through the Program. LPL's website at [lpl.com/disclosures.html](http://lpl.com/disclosures.html) identifies the mutual funds that pay recordkeeping compensation and the mutual fund sponsors that make revenue sharing payments to LPL.

LPL credits to clients any 12b-1 fees it receives from mutual funds (other than the Sweep Funds), and therefore, LPL does not have an incentive to select one fund or Program Share Class over another solely on the basis of the 12b-1 fee. In addition, LPL does not share 12b-1 fees, recordkeeping fees, or revenue sharing payments with IARs, Advisors or FutureAdvisor and will not share revenue sharing payments with any third party Portfolio Strategists, and therefore, there is no financial incentive for an IAR, Advisor, FutureAdvisor or a third party Portfolio Strategist to select a participating fund over another fund because of this fee arrangement. Although LPL does not share recordkeeping fees or revenue sharing payments with IARs, Advisors or FutureAdvisor, such fees and payments will increase LPL's profits and indirectly benefit IARs and Advisors, for example by increasing the value of equity awards from LPL's parent company to IARs or by being used by LPL to support marketing or training costs.

### Cash Sweep Arrangements

LPL makes available programs for cash in a GWP account to be automatically swept to an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured deposit account (or under certain unlikely circumstances, into money market mutual funds), and for certain types of accounts, a money market fund. For more information about which types of accounts are eligible to use the different sweep options, please speak to your IAR or Advisor, as applicable.

For accounts that sweep cash to the multi-bank insured cash account program offered by LPL (the "ICA") -- LPL receives a fee equal to a percentage (up to 4%) of the average daily deposit balance in the ICA. The fee paid to LPL is applied across all ICA deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. For accounts that sweep cash to the multi-bank deposit cash account program offered by LPL (the "DCA")—LPL receives a flat monthly fee per account (approximately \$17 as of July 1, 2019) based upon the prevailing fed funds target rate. LPL's compensation under the DCA program is not affected by the actual cash amounts held in your account. The fees paid to LPL for its sweep programs reduces the interest rate paid on your cash funds, and depending on the interest rate and other market factors, LPL may receive a majority of the interest as fees.

For the narrow set of accounts that are set up for cash to sweep to a money market fund -- the available Sweep Funds typically pay higher 12b-1 fees than other money market funds. In addition, LPL receives compensation of up to 0.35% annually of the LPL client assets invested in the Sweep Funds for recordkeeping services it provides for the funds. LPL also receives up to 0.15% annually of the LPL client assets invested in the Sweep Funds in connection with marketing support services LPL provides to the Sweep Fund sponsors. Together, the 12b-1 fees, recordkeeping fees, marketing support payments, and other compensation from Sweep Funds and their sponsors, allow LPL to receive up to 1% annually of LPL client assets in the Sweep Funds.

The compensation that LPL receives related to ICA, DCA and the Sweep Funds is in addition to the Account Fee that LPL and IAR or Advisor (as applicable) receive with respect to the assets in the sweep investment. This compensation related to ICA, DCA and Sweep Funds is an important revenue stream and presents a conflict of interest to LPL because LPL has a financial benefit if cash is invested in ICA, DCA or the Sweep Funds. However, third party Portfolio Strategists will not share in this compensation and therefore a third party Portfolio Strategist will not have a financial incentive to allocate a Model Portfolio to cash instead of other holdings. In addition, LPL will not take into account this compensation when it makes decisions on a Model Portfolio's allocation to cash. LPL will not share this compensation with IARs, Advisors or FutureAdvisor.



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Clients should understand that, depending on interest rates and other market factors, the yields on the ICA, DCA and Sweep Funds have been, and may continue in the future to be, lower than the aggregate fees and expenses received by LPL for a client's participation in the cash sweep programs. This may result in a client experiencing a negative overall investment return with respect to cash reserves in the cash sweep programs. Interest rates under ICA and DCA may be lower than the interest rates available if clients make deposits directly with a bank or other depository institution outside of the Program or invests in a money market fund or another cash equivalent. Clients should compare the terms, interest rates, required minimum amounts and other features of the ICA and DCA programs with other types of accounts and investments for cash.

### Credit Cards

As part of its cash management services, LPL makes available for its customers credit cards through a partner bank. LPL receives a flat fee for each new activated credit card that is used by the cardholder in the first 90 days. LPL also receives a portion of the transaction volume of the cardholder's account. LPL's portion of the transaction volume varies depending on the number of LPL active cardholder accounts.

### Rollovers

If a client is a participant in an employer-sponsored retirement plan such as a 401(k) plan, and decides to roll assets out of the plan into the account, LPL has a financial incentive to recommend that the client invest those assets in the account, because LPL will be paid on those assets, for example, through advisory fees. You should be aware that such fees likely will be higher than those a participant pays through a plan, and there can be maintenance and other miscellaneous fees. As securities held in a retirement plan are generally not transferred to the account, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan. However, this conflict of interest is mitigated by LPL's policy prohibiting its IARs from recommending clients roll out of retirement plan accounts into an LPL IRA, though IARs may assist by educating clients on their options as well as various pros and cons of initiating a roll out of a plan and may recommend how assets be invested after the client has determined to roll out of a plan.

### Review of Accounts

IARs review accounts and meet with clients, on a regular basis or as requested by the client, and such meetings may include review of accounts statements, performance information, and other information or data related to the client's account and investment objectives.

Client may access monthly account statements, showing account activity and month-end positions, and confirmations of the transactions that occurred within the account through LPL's web-based AccountView portal. Confirmations of transactions will be consolidated in the case of rebalancing transactions. Detailed quarterly performance information is available in electronic form through the Investor Portal. IARs or Advisors, as applicable, have access to review monthly or quarterly accounts statements.

Users of the Educational Tool do not receive any reporting.

### Other Compensation

Portfolio Strategists may reimburse LPL up to \$50,000 for the upfront technology development costs to make the Portfolio Strategist's Model Portfolios available on the Program. However, LPL Research currently serves as the sole Portfolio Strategist.

LPL, LPL employees and IARs receive additional compensation from product sponsors, which in the future may include third party Portfolio Strategists. However, such compensation may not be tied to the sales of any products. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, client events, or marketing or advertising initiatives, including services for identifying prospective clients. Product sponsors also pay for, or reimburse LPL for the costs associated with, education or training events that are attended by LPL employees, IARs and Advisors and for LPL-sponsored conferences and events. With respect to GWP services provided by an Advisor (rather than one of LPL's IARs), clients should refer to the Advisor's Form ADV brochure for more information about conflicts of interest.



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LPL employees provide sales support resources to IARs and Advisors that use LPL advisory programs. The compensation that LPL pays to these employees varies based on the assets in LPL's different advisory programs. These employees have an incentive to promote certain advisory programs to IARs and Advisors over other advisory programs.

LPL receives compensation in the form of earnings on its short-term investment of cash in Program accounts prior to the time the cash is invested for the account. These earnings are generally known as "float." Cash in the account would typically result from contributions to the account or sales of securities in the account. For accounts that opt out of the sweep program, the accounts typically remain in free credit balances. In such case, LPL receives compensation in the form of earnings on cash. LPL does not share this compensation with IAR, Advisor or FutureAdvisor.

In the event a trade error occurs in an account, and such error is determined to be caused by LPL, LPL typically will cancel the trade and remove the resulting monetary loss to the client from the account. If a trade correction is required as a result of client (e.g., if client does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), LPL typically will cancel the trade and any resulting monetary loss will be borne by the client. In the case of a trade that requires a correction as described above and that resulted in a monetary gain to the client, such gain will be removed from the account and can result in a financial benefit to LPL.

If a Model Portfolio is selected that only consists of ETFs and/or mutual funds within the same fund family or within affiliated fund families, the Portfolio Strategist will select only those funds within the affiliated fund families. In such case, because ETFs or mutual funds in a Model Portfolio are affiliated with the Portfolio Strategist that designs the Model Portfolio, an investment in the affiliated fund generates compensation to the Portfolio Strategist or its affiliates, including, among other types of compensation, fund-level management fees, in addition to any portion of the Account Fee it receives.

LPL and FutureAdvisor may invest in Mutual Funds and iShares ETFs, which are advised by one or more affiliates of FutureAdvisor, including BlackRock Fund Advisors. When investing in such affiliated Mutual Funds and iShares ETFs, the account, as a fund shareholder, will bear the fund's internal fees and expenses, which are described in the relevant fund's prospectus available at [www.iShares.com](http://www.iShares.com). These fees and expenses may include management, administration, distribution, transfer agent, custodial, legal, audit, securities lending and other customary fees and expenses related to operating exchange traded mutual funds, and a portion of these fees and expenses may be paid to BlackRock Fund Advisors and other affiliates of FutureAdvisor. For a summary of such BlackRock-affiliated Mutual Funds and iShares ETFs in which the account may invest (the "BlackRock Affiliated Funds") and their applicable expense ratios, management fees and other types of compensation payable to BlackRock Fund Advisors and FutureAdvisor's other affiliates, please refer to <https://s3.amazonaws.com/fa-public/partners/lpl/iShares-disclosure.pdf>. With respect to investments in BlackRock Affiliated Funds that are iShares ETFs in IRA Accounts, FutureAdvisor intends to comply with Department of Labor Prohibited Transaction Exemption 2012-09 ("PTE 2012-09") or another applicable exemption. In accordance with PTE 2012-09, in addition to the Account Fee clients pay pursuant to the terms of the Account Agreement, FutureAdvisor's affiliates will not offset the fees and compensation received from iShares ETFs in which a client's account may invest. With respect to investments in BlackRock Affiliated Funds that are Mutual Funds or, to the extent that PTE 2012-09 is not available, iShares ETFs, FutureAdvisor intends to utilize Department of Labor Prohibited Transaction Exemption 77-4, and FutureAdvisor will provide each client with a fee credit in an amount representing such client's pro rata share of investment advisory fees paid on such investments to an affiliate of FutureAdvisor.

LPL and FutureAdvisor have entered into an agreement pursuant to which LPL receives reimbursements from FutureAdvisor in connection with developing, maintaining and operating the Investor Portal. Because LPL benefits from these payments, the amount of which is significant, LPL's financial interests conflict with its ability to use strictly objective factors in selecting and retaining FutureAdvisor as the digital advisor for GWP and in selecting ETFs and Mutual Funds in its Model Portfolios. However, LPL did not agree to guarantee that BlackRock-affiliated ETFs or funds will be used for any Model Portfolio.

### Conflicts Related to LPL Compensation to IAR

An IAR recommending an advisory service receives compensation from LPL. LPL typically compensates IARs pursuant to an independent contractor agreement, and not as an employee. This compensation includes a portion of the Account Fee and, such portion received by IAR may be more than what IAR would receive at another investment advisor firm. Such compensation



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includes other types of compensation and benefits, such as bonuses, awards or other things of value offered by LPL to the IAR. In particular, LPL pays its IARs in different ways, for example:

- payments based on production
- equity awards from LPL's parent company, LPL Financial Holdings Inc., consisting of awards of either restricted stock units (a promise to deliver stock in the future) or stock options to purchase stock, in each case subject to satisfaction of vesting and other conditions
- reimbursement or credits of fees that IARs pay to LPL for items such as administrative services, or technology fees
- free or reduced-cost marketing materials
- payments in connection with the transition of association from another broker-dealer or investment advisor firm to LPL
- advances of advisory fees
- payments in the form of repayable and forgivable loans
- attendance at LPL conferences and events.

Note that LPL has a dedicated team of employee IARs in its home office who service certain accounts in the absence of an IAR, and also a small subset of IARs who operate their own offices or are located on the premises of certain financial institutions and are employees of LPL Employee Services, LLC, an LPL-affiliated company. In such cases, the IARs are compensated as employees, and such compensation can include a salary, bonus and other things of value as set out above.

LPL also charges IARs various fees under its independent contractor agreement, for example, for administrative, custody and clearing services to accounts, technology and licensing. In certain cases, LPL pays IARs this compensation, and charges IARs these fees, based on the IAR's overall business production and/or on the amount of assets serviced in LPL advisory relationships. When compensation or fees charged is based on the level of production or advisory assets of an IAR, the IAR has a financial incentive to meet those production or asset levels. The amount of this compensation from LPL could be more, and the amount of these fees charged by LPL could be less, than what the IAR would receive, or pay, if he or she associated with another investment advisor firm. The level of compensation and costs is an incentive for an IAR to become associated with LPL over another investment advisor firm. This compensation from LPL could be more than what the IAR receives than if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services, and likewise, the fees that IAR pays to LPL could be less for GWP than other programs or services. In such cases, the IAR has a financial incentive to recommend advisory services in GWP over other programs and services. However, an IAR may only recommend a program or service that he or she believes is suitable for a client. LPL has systems in place to review IAR-managed accounts in GWP for suitability over the course of the advisory relationship.

### LPL Compensation to Advisor

LPL pays compensation to Advisor, which includes a portion of the Advisor Fee and also may include other compensation, such as bonuses, awards or other things of value offered by LPL to the Advisor and/or its representatives. For example, LPL may pay additional compensation to Advisor or its representatives by providing equity awards from LPL's parent company, LPL Financial Holdings Inc., consisting of awards of either restricted stock units (a promise to deliver stock in the future) or stock options to purchase stock, in each case subject to satisfaction of vesting and other conditions, payments in the form of repayable or forgivable loans, reimbursement of administrative servicing fees or technology fees that Advisor and/or its representatives pays to LPL, free or reduced-cost marketing materials, payments in connection with the transition of Advisor's business from another firm to LPL, or attendance at LPL's conferences or events.

Individuals of Advisor also may be associated with LPL as broker-dealer registered representatives and/or investment advisor representatives.

### Transition Assistance

LPL also provides various benefits and/or payments to IARs or Advisors with broker-dealer registered representatives that are newly associated with LPL to assist the IAR or Advisor with the costs (including foregone revenues during account transition) associated with transitioning his or her business to LPL (collectively referred to as "Transition Assistance"). The proceeds of such





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Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the IAR's or Advisor's business, satisfying any outstanding debt owed to the IAR's or Advisor's prior firm, offsetting account transfer fees (ACATs) as a result of the IAR's or Advisor's clients transitioning to LPL's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the IAR or Advisor at his or her prior firm. Such payments are generally based on the size of the IAR's or Advisor's business established at his or her prior firm, for example, a percentage of the revenue earned or assets serviced by the IAR or Advisor, as applicable, at the prior firm. These payments are generally in the form of payments or loans to the IAR or Advisor with favorable interest rate terms as compared to other lenders, which are paid by LPL or forgiven by LPL based on years of service with LPL (e.g., if the IAR or Advisor remains with LPL for 5 years) and/or the scope of business engaged in with LPL. LPL does not verify that any payments made are actually used for such transition costs.

LPL also makes payments to IARs or such firms in connection with the transition of certain advisory business to LPL from his or her prior firm that is not approved on LPL's platform. These payments are tied to the amount of client assets that are transitioned from an unapproved platform at the prior firm to LPL's advisory programs. In addition, IARs are also eligible to receive compensation from LPL in order to assist with offsetting time and expense in coordinating transfers of client accounts from third party investment platforms to LPL's platform ("Operational Assistance"). This compensation is payable as a flat-dollar amount per transferred account with a maximum of up to \$350 per account.

The receipt of Transition Assistance and Operational Assistance creates a conflict of interest in that an IAR or Advisor has a financial incentive to recommend that a client open and maintain an account with the IAR or Advisor and LPL for advisory, brokerage and/or custody services, and to recommend switching investment products or services where a client's current investment options are not available through LPL, in order to receive the Transition Assistance and Operational Assistance benefit or payment. LPL and its IARs attempt to mitigate these conflicts of interest by evaluating and recommending that clients use LPL's services based on the benefits that such services provide to clients, rather than the Transition Assistance and Operational Assistance earned by any particular IAR. However, clients should be aware of this conflict and take it into consideration in making a decision whether to establish or maintain a relationship with LPL. With respect to GWP services provided by an Advisor (rather than one of LPL's IARs), clients should refer to the Advisor's Form ADV brochure for more information about conflicts of interest. If LPL makes a loan to a new or existing IAR, there is also a conflict of interest because LPL's interest in collecting on the loan affects its ability to objectively supervise the IAR.

### Client Referrals

From time to time, LPL and/or its IARs may enter into arrangements with third parties or other financial intermediaries for lead generation, client referrals or solicitation for program accounts (collectively, "solicitation arrangements"). These solicitation arrangements range from largely impersonal referrals to specific client introductions to LPL and its IARs. Under these solicitation arrangements, all third parties and financial intermediaries are independent contractors. The compensation paid under the solicitation arrangements is structured in various ways, including a one-time fee, a flat fee per lead or referral, and sharing a portion of the ongoing Account Fee. Clients who are introduced to LPL and its IARs through a solicitation arrangement receive a specific description of the terms of that arrangement and the compensation paid to the solicitor at the time of the introduction. Depending on the solicitor's arrangement with LPL, a solicitor may not be compensated for referring a client who opens a brokerage account rather than an advisory account. Solicitation arrangements give rise to conflicts of interest because the referring party has a financial incentive to introduce new investment advisory clients to LPL and its IARs. LPL's participation in these referral arrangements does not diminish its fiduciary obligations to its clients.

### Unaffiliated Financial Institutions

LPL and its IARs or Advisors, as applicable, offer advisory services on the premises of unaffiliated financial institutions, like banks or credit unions. When services are offered in a bank or credit union, the advisory services are offered by LPL and not the financial institution. Any securities recommended as part of the investment advice are not guaranteed by the financial institution,



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or insured by the Federal Deposit Insurance Corporation or any other federal or state deposit guarantee fund relating to financial institutions.

LPL has entered into agreements with the financial institutions pursuant to which LPL typically shares compensation, including a portion of the Account Fee, with the financial institution for the use of the financial institution's facilities and for client referrals. Instead of paying the IAR or Advisor, as applicable, the portion of the Account Fee as described above, LPL shares the Account Fee with the financial institution, and the financial institution pays part of that amount to the IAR or Advisor, as applicable. The financial institution establishes the compensation plan for IAR, which is subject to approval by LPL. The compensation plan determines how the IAR's compensation is structured. An IAR will have a financial incentive to recommend a particular service or product if under the compensation plan the recommended product will result in more compensation to the IAR than another product or service, including advisory versus brokerage services. If an IAR is recommending an advisory program or service, he or she must believe that the program or service is suitable and in the best interests of the client in accordance with the applicable standards under the Advisers Act. In a few situations, LPL has agreements to provide similar services at financial institutions in which compensation is not shared with the financial institution.

If IAR is an employee of the financial institution where it provides services to program accounts, LPL typically shares with the financial institution between 75% to 100% of the Account Fee, after LPL retains its portion of the Account Fee for its administrative services. IAR (an employee of the financial institution) will be compensated (e.g. in the form of salary, bonus, commissions, etc.) by the financial institution based on the specific agreement and/or compensation plan between the financial institution and the IAR. If IAR is not an employee of the financial institution where it provides services to program accounts, LPL typically shares directly with IAR, after deduction of LPL's portion, between 25% to 100% of the Account Fee, and with the financial institution between 0% to 75%. All compensation paid to IAR or the financial institution will be the sole responsibility of LPL, and will not result in any increase in the Account Fees you pay to LPL.

Some of these financial institutions are affiliated with investment product sponsors (such as mutual fund sponsors) or offer certificates of deposit. An IAR located on the premises of a financial institution has a potential conflict of interest when IAR encourages clients to invest in that financial institution's certificates of deposit or proprietary investment products, such as mutual funds and structured products. When an affiliated investment product is selected for an account, the financial institution receives a portion of the Account Fee pursuant to the agreement between LPL and the financial institution and its affiliate receives fees from the affiliated investment product. Because affiliates of the financial institution earn fees and other benefits from the affiliated product, the financial institution has an incentive to select its affiliated products based on the compensation and benefits its affiliates receive rather than on a client's needs. In addition, because mutual funds benefit from scale, the financial institution and its affiliated companies have an interest in the mutual funds gaining greater assets. Certain financial institutions provide credits for affiliated investment products. We update this information from time to time on [lpl.com/disclosures.html](http://lpl.com/disclosures.html). For more information, click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then "Third Party Compensation and Related Conflicts of Interest."

Note that the IAR does not receive additional compensation from the financial institution for selecting affiliated products and the IAR may only recommend an investment product that he or she believes is appropriate for clients. LPL reviews and selects investment products for the Program and LPL may elect to remove or replace an investment product. There is a conflict of interest because the business relationship between LPL and the financial institution could affect LPL's ability to objectively select and determine whether to continue to maintain these investment products in the Program. However, LPL only approves investment products that it determines are suitable and in the best interests of clients using the Program depending on clients' investment objective and risk tolerance.

LPL also provides other forms of compensation to financial institutions, such as bonuses, awards or other things of value offered by LPL to the institution. For example LPL pays a financial institution based on production, in the form of repayable or forgivable notes, reimbursement of fees that LPL charges for items such as administrative services, and other things of value such as free or reduced-cost marketing materials, transition assistance for changing association from another broker-dealer or investment advisor firm to LPL, advances of advisory fees, or attendance at LPL's national conference or top producer forums and events. LPL pays this compensation based on overall business production and/or on the amount of assets serviced in LPL advisory programs. Financial



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institutions are also eligible to receive compensation from LPL in order to assist with offsetting time and expense in coordinating transfers of client accounts from third party investment platforms to LPL's platform. The compensation is payable to the institution as a flat-dollar amount per transferred account with a maximum of up to \$350 per account. The amount of this compensation may be more than what the financial institution would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. As a result, the financial institution, and IAR or Advisor, as applicable have a financial incentive for the IAR or Advisor to recommend the program account and services that will result in the greatest compensation to the financial institution and IAR or Advisor. If LPL makes a loan to a new or existing financial institution, there is also a conflict of interest because LPL's interest in collecting on the loan affects its ability to objectively supervise an IAR at that financial institution.

In addition, financial institution employees who are not associated with LPL often refer prospective customers to IARs working in the financial institution. Those employees frequently receive a nominal referral fee from the financial institution (typically up to \$25) as compensation for each referral.

Employees of trust departments at certain financial institutions are authorized under the terms of applicable trust arrangements to delegate investment management responsibility to LPL and to receive a portion of the compensation earned in connection with investment advisory services provided to these accounts through LPL. These amounts are negotiated and vary but often amount to a significant portion of the total fees paid for investment advisory services.

### Financial Information and Custody

LPL is a qualified custodian as defined in Rule 206(4)-2 under the Advisers Act and maintains custody of GWP client funds and securities in a separate account for each client under the client's name. LPL as a qualified custodian sends account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. LPL sends account statements monthly when the account has had activity or quarterly if there has been no activity. Clients should carefully review those account statements. LPL will not have custody of any funds and securities of users of the Educational Tool.

### Brokerage Practices

In the Managed Service of GWP, LPL is appointed by each client as custodian of account assets and broker-dealer with respect to processing securities transactions for the accounts. In general, FutureAdvisor, in its capacity as investment advisor, will submit transactions through LPL; however, FutureAdvisor may choose to execute transactions through a broker-dealer other than LPL, subject to its duty to seek to achieve best execution. When securities transactions are effected through LPL, there are no brokerage commissions charged to the account. If FutureAdvisor chooses to execute a transaction through a broker-dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker-dealer. In evaluating whether to execute a trade through a broker-dealer other than LPL, Future Advisor will consider the fact that the account will not be charged a commission if the transaction is effected through LPL.

Clients should understand that not all advisors or program sponsors require their clients to direct brokerage. The fact that LPL is both the investment advisor and broker-dealer on the account presents a conflict of interest. By directing brokerage to LPL, clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money. However, clients should understand that LPL is not paid a commission or transaction charge for executing transactions in GWP accounts. In addition, in the case of mutual funds, execution is made at the net asset value of the fund. Although LPL is not paid a commission or transaction charge for transactions in the account, LPL bears costs for each transaction made in an account. This presents a conflict of interest because these costs may be a factor LPL considers when deciding what parameters to set for rebalancing transactions that occur in an account.

LPL will aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. LPL also will aggregate rebalancing transactions for an account with other Program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may effect transactions for some accounts on one day and for other accounts on



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the following day or days which may result in price differences. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

Clients should understand that their accounts may not be able to participate in block trades effected by Future Advisor for its other accounts, which may result in a difference between prices charged to client accounts and Future Advisor's other accounts.

### Brochure Supplements

Accompanying this Brochure are Brochure Supplements for individual employees or officers of LPL. Note that although these individuals are responsible for investment advice provided by LPL, they are not IARs responsible for the ongoing individualized investment advice provided to a particular client. For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR, which should have been provided by the IAR along with this Brochure at the time client opened the account. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lpfinancial.adv@lpl.com](mailto:lpfinancial.adv@lpl.com). With respect to GWP services provided by an Advisor (rather than one of LPL's IARs), clients should refer to the Advisor's Form ADV brochure or contact the Advisor for more information.



## GUIDED WEALTH PORTFOLIOS - PROGRAM FORM BROCHURE

### BROCHURE SUPPLEMENTS

Marc Andrew Zabicki  
Ryan Edward Detrick  
Jason Hoody  
Benjamin Lawrence Hargett

LPL Financial LLC  
1055 LPL Way, Fort Mill, SC 29715  
(704) 733-3300

Jeffrey Alan Buchbinder  
Barry Seth Gilbert

LPL Financial LLC  
75 State Street, 22nd Floor, Boston, MA 02109  
(617) 423-3644  
[www.lpl.com](http://www.lpl.com)

Ben Welch

LPL Financial LLC  
4707 Executive Drive, San Diego, CA 92121  
(858) 450-9606

November 5, 2021

These Brochure Supplements provide information about certain LPL employees or officers that supplements the LPL Financial Brochure that is attached to these Brochure Supplements. Please contact LPL Financial at the number above if you did not receive the LPL Financial Brochure or if you have any questions about the contents of these Brochure Supplements. You may also contact your LPL investment advisor representative with questions.

Additional information about these LPL employees or officers is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Note that although these LPL employees or officers included in these Brochure Supplements are responsible for investment advice provided by LPL they are not the IARs responsible for the ongoing individualized investment advice provided to a particular client. For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR, which should have been provided by the IAR along with the LPL Financial Brochure and these Brochure Supplements at the time client opened the account. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lpfinancial.adv@lpl.com](mailto:lpfinancial.adv@lpl.com).

#### **Marc Andrew Zabicki**

##### **Educational Background and Business Experience**

Marc Zabicki was born in 1966. He has a BS in Economics from Florida State University and he is a Chartered Financial Analyst (CFA). He is a Senior Vice President and Director of Research for LPL Research and has been with the firm since 2020. Prior to joining LPL, he was Chief Investment Officer at Bower Hill Capital Management.

##### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

##### **Other Business Activities**

Mr. Zabicki is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Zabicki is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

##### **Additional Compensation**

Mr. Zabicki receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor





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certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Zabicki is responsible for the advice provided by the LPL Research Department through LPL's advisory programs, and he reports up to Burt White, Managing Director, Investor and Investment Solutions and Chief Investment Officer. The advice provided by Mr. Zabicki also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

### **Ryan Edward Detrick**

#### **Educational Background and Business Experience**

Ryan Edward Detrick was born in 1978. He has a BA in Finance from Xavier University and an MBA from Miami University. He is a Senior Vice President and Chief Market Strategist for LPL Research and has been with the firm since 2016. Prior to joining LPL, he was a portfolio manager at Haberer RIA.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

#### **Other Business Activities**

Mr. Detrick is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Detrick is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Detrick receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Detrick reports up to Mr. Zabicki, who as the Director of Research of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Gilbert also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

### **Jason Hoody**

#### **Educational Background and Business Experience**

Jason Hoody was born in 1975. He has a BS in Political Science from Clarkson University, an MA in International Affairs from American University, an MS in Finance from Johns Hopkins University, and is a CFA charterholder. He is a Vice President in Research at LPL and joined LPL in 2015. Prior to joining LPL, he was a Vice President at BB&T and an analyst at KPMG.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.



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### **Other Business Activities**

There are no other business activities to disclose in response to this item.

### **Additional Compensation**

Mr. Hoody receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Hoody reports up to Mr. Zabicki, who as the Director of Research of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Hoody also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

### **Benjamin Lawrence Hargett**

#### **Educational Background and Business Experience**

Benjamin Lawrence Hargett was born in 1974. He has a BS in Finance, Insurance, and Real Estate from the University of North Carolina at Greensboro and an MBA from Wake Forest University. He is an Assistant Vice President for LPL Research and has been with the firm since 2015. Prior to joining LPL, he held investment analyst and portfolio manager positions at Wells Fargo.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

### **Other Business Activities**

Mr. Hargett is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Hargett is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

### **Additional Compensation**

Mr. Hargett receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Hargett reports up to Mr. Zabicki, who as the Director of Research of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Gilbert also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.



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### **Jeffrey Alan Buchbinder**

#### **Educational Background and Business Experience**

Jeffrey Alan Buchbinder was born in 1971. He has a BA in Economics from Northwestern University and an MBA from Duke University. He is a Vice President, Equity Strategist and Portfolio Manager for LPL Financial Research and has been with the firm since 2003. Prior to joining LPL, he served as an Equity Research Associate at Sanford C. Bernstein. Prior to Bernstein, he was an Equity Research Associate at Deutsche Bank.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

#### **Other Business Activities**

Mr. Buchbinder is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Buchbinder is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Buchbinder receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

#### **Supervision**

Mr. Buchbinder reports up to Mr. Zabicki, who as the Director of Research of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Buchbinder also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

### **Barry Seth Gilbert**

#### **Educational Background and Business Experience**

Barry Seth Gilbert was born in 1967. He has a BA in Philosophy from Haverford College, an MA from the Pennsylvania State University, and a PhD from Boston University. He is a Vice President and Portfolio Manager for LPL Research and has been with the firm since 2013. Prior to joining LPL, he taught at Harvard University.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

#### **Other Business Activities**

Mr. Gilbert is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Gilbert is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Gilbert receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor



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certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Gilbert reports up to Mr. Zabicki, who as the Director of Research of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Gilbert also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

### **Ben Welch**

#### **Educational Background and Business Experience**

Ben Welch was born in 1980. He has a BS from the University at Buffalo, and he is a CFA charterholder. He is Executive Vice President of Trading at LPL and joined LPL in 2020. Prior to joining LPL, Mr. Welch worked for TD Ameritrade as Managing Director, Institutional Trading & Technology and previously Managing Director, Product Management.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

#### **Other Business Activities**

Mr. Welch is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Welch is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Welch receives a regular salary and a discretionary bonus.

### **Supervision**

As Executive Vice President of Trading, Mr. Welch is responsible for trade execution in LPL's advisory programs, subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

1055 LPL Way, Fort Mill, South Carolina 29715

