

KMS ADVISOR MANAGED PROGRAM

PART 2A

APPENDIX 1

PROGRAM BROCHURE

Current as of March 31, 2022

Securities America Advisors, Inc.

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This brochure provides information about the qualifications and business practices of Securities America Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (800) 747-6111. Securities America Advisors, Inc. is registered with the Securities and Exchange Commission (SEC) as a registered investment adviser. Registration does not imply any level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Securities America Advisors, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

Securities America Advisors, Inc. filed its last annual amendment to its Form ADV Part 2A Appendix 1 ("Appendix 1") on March 30, 2021. Since then the following changes have occurred:

- Item 4 – Services, Fees and Compensation: With regard to any assets invested in mutual funds that are advised by SAA or an affiliate of SAA (as described in the Firm's 2A at www.securitiesamerica.com), the assets will be excluded from the calculation of the Administrative Fee.
- Item 4 – Services, Fees and Compensation: The surcharge fee is no longer paid by your Advisory Representative in wrapped accounts and will now be paid by the client.
- Item 4 – Services, Fees and Compensation: The Confirmation Fee and Prospectus Fee are no longer being waived.
- Item 9 – Additional Information: The disclosure of disciplinary action related failure to implement policies and procedures for the review of automatically generated surveillance alerts was added.

Item 3 - Table of Contents

Item 2 - Material Changes	2
Item 3 - Table of Contents	3
Item 4 - Services, Fees and Compensation	4
Advisory Services.....	4
Program Costs	5
General Information Concerning Fees and Other Client Charges	7
Mutual Funds	7
Retirement Accounts.....	8
Illiquid and Alternative Investments	8
Surcharge Fees Imposed on Your Account.....	8
Sweep Program	9
Item 5 - Account Requirements and Types of Clients	11
Types of Clients	11
Minimum Account Size.....	11
Item 6 - Portfolio Manager Selection and Evaluation.....	11
Item 7 - Client Information Provided to Portfolio Managers	11
Item 8 - Client Contact with Portfolio Managers.....	11
Item 9 - Additional Information	11
Disciplinary Information	11
Other Financial Industry Activities and Affiliations	13
Code of Ethics	13
Participation or Interest in Client Transactions	14
Trade Errors	14
Review of Accounts.....	14
Indirect Compensation and Revenue Sharing Disclosure	14
Client Referrals and Other Compensation	14
Financial Information	14

Item 4 - Services, Fees and Compensation

The KMS Advisor Managed Program ("Program") is sponsored by Securities America Advisors, Inc. ("SAA", the "Firm," "us" or "we" or "our"), an SEC-Registered Investment Adviser. Securities America Advisors, Inc. ("SAA") is registered as an investment adviser with the Securities and Exchange Commission ("SEC"), SEC File No. 801-45628, in order to offer investment advisory products and services to its advisory clients. Securities America, Inc. ("SAI"), SAA's broker-dealer affiliate, is registered with the SEC as a broker-dealer engaged in the offer and sale of securities products and is a member of the Financial Industry Regulatory Authority ("FINRA"). Advisory products and services are offered through certain Financial Advisers ("FAs") who have registered as Investment Adviser Representatives ("Advisory Representative"). Registration does not imply a certain level of skill or training. SAA and SAI are wholly owned subsidiaries of Securities America Financial Corporation (SAFC). SAFC is a wholly-owned subsidiary of Advisor Group Holdings, Inc. ("AGHI"), which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P. and The Berlinski Family 2006 Trust.

SAA will henceforth be referred to as "we", "us", "our" or the "Firm". The Program is presented to the client ("you") by Advisory Representatives of SAA.

You will enter into an investment advisory client agreement ("Client Agreement") with us and your Advisor and establish a brokerage account ("Program Account") on a fully disclosed basis with SAI. SAI is a Related Person to us and there are conflicts of interest that are further described herein and/or within the Form ADV 2A. Related Persons are defined as entities that we control or control us or are under common control with us.

Advisory Services

The KMS Advisor Managed Program is not being offered to new clients or accounts and is only available to the existing owners of the Transferred KMS Accounts.

The KMS Advisor Managed Program (collectively, "Program") is sponsored by SAA. In November 2020, KMS Financial Services, Inc. ("KMS") was acquired and merged into SAI and SAA. SAI replaced KMS as the broker/dealer and SAA replaced KMS as the registered investment adviser on certain advisory accounts transferred due to the acquisition ("Transferred KMS Accounts").

If you have assets in one of the Transferred KMS Accounts, the programs provide you with investment advisory and brokerage execution services for a fee through an arrangement with Envestnet Asset Management, Inc. ("Envestnet"), an unaffiliated SEC-registered investment adviser that provides investment management and investment advisory services. Envestnet's technology assesses and assists your representative in determining your risk tolerance. Based upon your risk tolerance, the programs utilize a system that assists your representative in selecting investment products, program account types and/or asset allocation that align(s) with your risk tolerance.

Our representatives' services are tailored to the individual needs of their clients. Our representatives assist with establishing and monitoring your investment objectives, risk tolerance, asset allocation goals and time horizon. You have the opportunity to place reasonable restrictions or constraints on the way your accounts are managed; however, such restrictions can cause your representative to deviate from a strategy or recommendations that your representative would have made if such restrictions or constraints were not in place. Thus, your account's performance can be lower than it otherwise would have been.

Within the Program, the representative is the portfolio manager utilizing mutual funds, stocks, bonds, exchange traded funds, unit investment trusts and options in client accounts. Asset management services are provided on a discretionary or non-discretionary basis at your option as defined in your client agreement.

The program has accounts where there are separate transaction charges and accounts where no separate transaction charges apply and a single fee is paid for all advisory services and transactions ("wrap account"). For those advisory programs in which we offer wrap account pricing, advisory services as well as transaction charges and other services are provided for one fee that is calculated based on the value of assets under management.

Generally, brokerage transactions are processed by SAI, our affiliated broker/dealer, and cleared by Pershing, LLC (Pershing). SAI compensates SAA to offset SAA's administrative costs. SAA, SAI and your representatives do not act as custodians for any Transferred KMS Account. Generally, Pershing or another custodian maintains custody of funds and securities.

Program Costs

Each of our Advisory Representatives negotiates his or her own account fee schedule. The account fees paid by you include portions paid to your Advisory Representative, as well as to SAA and the custodian. Mutual funds and ETFs invested in the account also have their own internal fees ("internal fund expenses") which are separate and distinct from the program account fees (for more information on these fees, see the applicable fund prospectus).

The KMS Advisor Managed Program is not being offered to new accounts and consist solely of the Transferred KMS Accounts. The programs have accounts where there are separate transaction charges ("unwrapped accounts") and accounts where no separate transaction charges apply and a single fee is paid for all advisory services and transactions ("wrap accounts"). For those advisory programs in which we offer wrap account pricing, advisory services as well as transaction charges and other services are provided for one fee that is calculated based on the value of assets under management.

Unwrapped Accounts

You pay an annual management fee in conjunction with your Transferred KMS Account. Management fees are negotiated based on the complexity of your financial situation, the investment services to be provided, the experience and standard fees charged by your representative, and the nature and total dollar value of plan assets maintained in your account. The management fee is based on a percentage of assets under management and the maximum annualized management fee that can be charged to you is 2.75%. The exact fee or fee schedule used will be disclosed prior to services being provided. Your representative can choose to "bundle" related Transferred KMS Accounts to achieve a break on management fees. When accounts are bundled, the total period ending balance for all bundled accounts is used to determine the fee percentage from the fee schedule. This percentage is then applied to each account and the fee is charged to each respectively. Typically, management fees are automatically deducted from the Transferred KMS Account according to an authorization provided in the client agreement. On an exception basis, you can have your management fees paid from other accounts.

For Transferred KMS Accounts, SAA retains up to 17 basis points (.17%) of the representative's management fee for management, administrative and support services SAA provides. We pay the balance of the management fee to the Advisory Representative; we also charge the Representative an administrative fee. The total fees paid by you are disclosed in the program fee schedule.

You are also assessed ticket charges and other miscellaneous charges by SAI or Pershing on account transactions, as applicable. Miscellaneous charges can include custodial fees levied by the custodian. Account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds, exchange traded funds or other investments. For more information on these charges, please refer to the [Client Fee Disclosure - Pershing Clearing](#) located at www.securitiesamerica.com/disclosures to find additional details regarding custodial fees.

Management fees are calculated monthly or quarterly at the beginning of each period based the period ending balance (PEB) of your account assets under management for the previous period. The exact fee schedule used is disclosed to you prior to services being provided. Management fees are billed in advance or arrears, as disclosed in the fee schedule, with the exception of the initial fee. The initial fee is billed in arrears based on the number of days that services were provided during the first billing period. The assets are valued by an independent pricing service, where available, or by Pershing in good faith, based on the clearing firm books and records. Cash will be maintained in your account's core account investment vehicle in order to pay for management fees and other charges and fees. Fees and charges are noted on your account statements. Clients may terminate these contracts at any time and receive a full pro-rata refund of unearned fees.

Wrap Accounts

You pay an annual management fee in conjunction with your Transferred KMS Account. Management fees are negotiated based on the complexity of your financial situation, the investment services to be provided, the experience and standard fees charged by your representative, and the nature and total dollar value of plan assets maintained in your account. The management fee is based on a percentage of assets under management and the maximum annualized management fee that can be charged to you is 3%. The exact fee or fee schedule used will be disclosed prior to services being provided. Your representative can choose to "bundle" related Transferred KMS Accounts to achieve a break on management fees. When accounts are bundled, the total period ending balance for all bundled accounts is used to determine the fee percentage from the fee schedule. This percentage is then applied to each account and the fee is charged to each respectively. Typically, management fees are automatically deducted from the Transferred KMS Account according to an authorization provided in the client agreement. On an exception basis, you can have your management fees paid from other accounts.

For Transferred KMS Accounts, SAA retains up to 17 basis points (.17%) of the representative's management fee for management, administrative and support services SAA provides. We pay the balance of the management fee to the Advisory Representative; we also charge the Representative an administrative fee. The total fees paid by you are disclosed in the program fee schedule. Clients will not incur any brokerage charges for transactions executed in their Program account.

Fees not included in the advisory fee for the our wrap programs are charges imposed directly by a mutual fund, index fund, or exchange traded fund which are disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

The wrap fee does not include annual account fees or other administrative fees, such as wire fees, charged by the manager or brokerage firm; certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the Client's account; and advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in Client's account. The wrap fee also does not cover certain costs associated with securities transactions in the over-the-counter market, such as fixed income securities where Manager must approach a dealer or market maker to purchase or sell a security. Such costs include the dealer's mark-up, mark-down or spread and odd-lot differentials or transfer taxes imposed by law. For more information on these charges, please refer to the [Client Fee Disclosure - Pershing Clearing](http://www.securitiesamerica.com/disclosures) located at www.securitiesamerica.com/disclosures to find additional details regarding custodial fees.

All mutual funds purchased in the Program will be funds available for purchase at each fund's net asset value and with no sales charge, so that no sales commissions will be incurred in connection with investment in the initial portfolio or subsequent portfolio purchases.

Variable annuity policies can be linked to Transferred KMS Accounts. The variable annuity policy prospectus contains information about limitations and restrictions on making cash additions and withdrawals from any linked policy, and you should review that information. The market value of variable annuity accounts included in the management portfolio can be included in the calculation of management fees as long as it was not sold by a SAI representative who earned an up-front load or sales charge. SAA might not receive daily account valuation information for variable annuities from the insurance companies or their custodians. In some circumstances, management fees on certain variable annuity accounts can be based on the weekly or monthly average balance. You can pay more or less in management fees when the pricing is based on a weekly or monthly average balance compared to management fees charged when the pricing is based on the average daily balance. The fee may be a flat fee, a linear fee (where the percentage fee is fixed based on the total assets in your account) or a tiered fee schedule (where the percentage-based fee is lowered as assets in your account increase). The exact fee charged or fee schedule used is disclosed to you in the fee schedule prior to services being provided.

General Information Concerning Fees and Other Client Charges

Confirmation & Prospectus Paper Fees

In addition to the fees discussed above, Confirmation and Prospectus Paper Fees also apply to your Program account.

The Confirmation Fee can be avoided by signing up for electronic delivery. Your Advisory Representative can also choose to pay this fee on your behalf. Refer to the trade confirmation to determine if this fee applies to you.

The Prospectus Fee can be avoided by signing up for electronic delivery. The Prospectus Fee is paid by your Advisory Representative.

In cases where your Advisory Representative pays the above fees, there is an incentive for your Advisory Representative to trade less often or to recommend different products to avoid the fee. Our policy and procedures are designed to ensure our Related Persons make recommendations to you that are in your best interest. Furthermore, to mitigate this conflict, you can sign up for electronic delivery.

For more information on these charges, please ask your Advisory Representative or please refer to the [Client Fee Disclosure - Pershing Clearing](#) located at www.securitiesamerica.com/disclosures to find additional details regarding custodial fees.

Mutual Funds

Please be aware that Account Fees are charged on all mutual fund shares that are designated as Program Investments, including shares on which you have previously paid a sales charge. Also, to the extent that cash used for investments in an account comes from redemptions of your other non-managed mutual fund investments, you should consider the cost, if any, of the sales charge(s) previously paid and redemption fees that would be incurred. Such redemption fees would be in addition to the Account Fee on those assets. Please be aware that such redemptions and exchanges between mutual funds that participate in the Program might have tax consequences, which should be discussed with your independent tax adviser.

You will bear a proportionate share of the fees and expenses of any mutual funds selected and for money market funds used as “sweep vehicles” for uninvested cash balances. These fees and expenses typically include investment advisory, administrative, distribution, transfer agent, custodial, legal, audit and other customary fees and expenses related to investment in Funds and are in addition to the Account Fee. Please read the prospectuses of the funds selected for a more complete explanation of these fees and expenses.

You have the option to purchase shares of mutual funds outside of the Program directly from the mutual fund issuer, its principal underwriter or a distributor without purchasing the services of the Program or paying the Account Fee on such shares (but subject to any applicable sales charges). Certain mutual funds are offered to the public without a sales charge. In the case of mutual funds offered with a sales charge, the prevailing sales charge is determined by the mutual fund (as described in the mutual fund prospectus) and may be more or less than the applicable account fee.

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A, B, and C shares), certain mutual funds also offer institutional share classes and other share classes that are specifically designed for purchase in an account enrolled in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in an investment advisory program usually have a lower expense ratio than other share classes. Clients should not assume that they will be invested in the share class with the lowest possible expense ratio.

With regard to any assets invested in mutual funds that are advised by SAA or an affiliate of SAA, the assets will be excluded from the calculation of the administrative fee.

Retirement Accounts

There are additional fees relating to IRA and Qualified Retirement Plan accounts such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

Accordingly, you should review the Account Fee and the other fees outlined above to fully understand the total amount of fees you pay.

Depending upon the level of the Account Fee, your Advisor may receive more compensation:

- 1) as a result of your participation in the Program than if you participate in other programs that your Advisor offers.
- 2) if your Advisor charges you the Wrap Account Fee which wraps management, administrative and transaction costs into one fee rather than having you pay for these services separately.

As such, your Advisor could have a financial incentive to recommend the Program to you over other programs or services.

Advisory Representatives have the ability to purchase certain securities products outside of an advisory account, but which are held in the client's advisory account. Though these assets are not subject to the advisory account fee, you should be aware that the purchases are subject to commissions or loads which are earned by the Advisory Representative.

Illiquid and Alternative Investments

There is a \$35.00 annual fee charged for registered daily NAV REITs.

Surcharge Fees Imposed on Your Account

A surcharge of up to \$10 is assessed to you for transactions in certain mutual funds. The surcharge applies to each purchase and sale transaction for such mutual funds but excludes exchanges and periodic investments. Upon request, your Advisory Representative will provide you with a list of mutual funds subject to the surcharge fee. This list is subject to change from time to time. For additional information regarding these fees please refer to the [Client Fee Disclosure - Pershing Clearing](http://www.securitiesamerica.com/disclosures) located at www.securitiesamerica.com/disclosures.

Sweep Program

When your Program Account is maintained at Pershing as part of the Sweep Program, your Free Credit Balance will be automatically deposited or “swept” to a deposit account at one or more banks whose deposits are insured by the FDIC (up to applicable limits) or, in limited cases, a money market mutual fund product (collectively, the “Sweep Program”).

As set forth in the terms of your Customer Agreement with SAI, you may remove your Program Account from participating in the Sweep Program by notifying your Advisory Representative. In addition, there are always alternatives for the short-term investment of cash balances that may offer higher returns than the sweep options made available to you.

Sweep Program – Pershing

Eligible Products

1. FDIC Insured Deposit Program (*BDSP & ICAP*)
2. Money Market Mutual Fund

Accounts custodied at Pershing will be eligible for the Pershing sweep program the (“Sweep Program – Pershing”). The Sweep Program – Pershing automatically transfers free credit balances in your account to a deposit account at one or more banks whose deposits are insured by the Federal Deposit Insurance Corporation (the Bank Deposit Sweep Program (“*BDSP*”) or the Insured Cash Account Program (“*ICAP*”)) or, in limited cases, to a money market mutual fund product (the “Money Market Mutual Fund Program”).

FDIC Insured Deposit Program (*BDSP & ICAP*)

Eligible account types: all accounts except ERISA Title 1 accounts, 403(b)(7), & Keogh plans

Free credit balances swept to a deposit account earn interest that is compounded daily and credited to your account monthly. Interest begins to accrue on the date of deposit with the banks participating in the program (“Program Banks”), through the business day preceding the date of withdrawal from the deposit account. The daily rate is 1/365 (or 1/366 in a leap year) of the posted interest rate.

Bank Deposit Sweep Program - *BDSP*

SAI has established deposit levels or tiers which ordinarily pay different rates of interest on different deposit balances; accounts with higher deposit balances may receive higher rates of interest than those with lower balances. The amount of interest you receive on deposit accounts will be determined by the amount of interest paid by the Program Banks, minus the amount of fees charged by Pershing, SAI, and other service providers. Interest rates paid on the deposit accounts may be higher or lower than interest rates available to depositors making deposits directly with Program Banks or with other depository institutions in comparable accounts. The amount of fees received by SAI, Pershing, and any other service provider reduces the interest you receive on your deposit account(s). Your Advisory Representative does not receive any portion of the fees paid by the Program Banks.

Insured Cash Account Program - *ICAP*

SAI will receive a monthly per-account fee (not to exceed \$21.25) for services it provides in connection with maintaining and administering the Sweep Program for IRA accounts held in an advisory/ fee-based office range (the “Sweep Account Fee”). The Sweep Account Fee is not based on the amount of assets in the FDIC Program or in your Program Account, and it does not depend on or vary with (and is not affected by) the actual amounts held in the deposit accounts or your Program Account. The Sweep Account Fee will reduce the interest you are paid on the amount of assets in your Program Account. The Sweep Account Fee will generally be paid by the Program Banks on your Program Account’s behalf; however, the Fee or a portion thereof may be deducted directly from your Program Account if, for example, the amounts paid by the Program Banks are insufficient to cover the Fee. In a low interest rate environment, SAI at its discretion may decide to waive (that is, to not collect) all or a portion of the Fee paid by the Program Banks. Waiving

all or a portion of the Sweep Account Fee will reduce the impact of the Fee on the interest you receive. Under this Program, SAI will receive a fee from the Program Banks in connection with the deposit accounts. The fee received may differ among each Program Bank. You will have no rights to the amounts paid by the Program Banks, except for interest actually credited to your account. The amount of fees received by SAI, Pershing, and any other service provider reduces the interest you receive on your deposit account(s).

Your Advisory Representative does not receive any portion of the fees paid by the Program Banks.

Money Market Mutual Funds

Free credit balances in the following brokerage account types will be automatically swept into the Federated Hermes Government Reserves Fund ("Fund") (GRFXX), which is managed by Federated Hermes Investors ("Federated Hermes"):

- All ERISA Title 1 account types, including Profit Sharing Plans, 401(k), Roth 401(k), Simple 401(k), Individual 401(k), qualified deferred compensation plans, defined benefit plans, target benefit plans, and money purchase pension plans
- 403(b)(7) accounts
- Keogh plans

The Federated Hermes Government Reserves Fund is a money market mutual fund and seeks to maintain a stable share price of \$1.00. The Fund invests primarily in a portfolio of short-term U.S. Treasury and government securities. These investments include repurchase agreements collateralized fully by U.S. Treasury and government securities. The Fund uses repurchase agreements to provide a liquidity base for the portfolio and a potential yield advantage relative to other short-term securities. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

SAI does not receive any additional compensation from the Fund.

For additional information about the [Sweep Program](http://www.securitiesamerica.com/disclosures-sweep-program-resources) please visit our website located at www.securitiesamerica.com/disclosures-sweep-program-resources.

Material Conflicts of Interest

Because the Sweep Program – Pershing and Sweep Program – NFS generate payments from third parties to SAI, a conflict of interest exists. A conflict of interest also arises because we earn more compensation from cash balances being swept to or maintained in the Sweep Program than if you purchase other investment funds or securities. This additional compensation is in addition to the management fee that SAA receives in connection with such assets pursuant to the client's advisory contract.

In addition, a conflict of interest arises as a result of the financial incentive for SAA and SAI to recommend and offer a Sweep Program over which they have control of certain functions. SAI has the ability to establish and change interest rates paid on Sweep Program balances, to select or change Participant Banks, and to determine the tier levels at which interest rates are paid, all of which generates additional compensation for SAI. SAI may earn up to a maximum of 400 basis points (4.00%) annually on the amounts deposited with the Program Banks through the BDSP.

The Advisory Representative who makes investment recommendations for your Program Account does not receive any compensation from these payments or based on the selection of the sweep vehicle. The Firm maintains policies and procedures to ensure recommendations made to you are in your best interest.

Item 5 - Account Requirements and Types of Clients

Types of Clients

The Program is available to individuals (including high net worth individuals), banking or thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, state and municipal governmental entities, as well as other business entities.

Minimum Account Size

This Program is closed to new clients and accounts. There is no minimum account requirement for the KMS Advisor Managed Program.

Item 6 - Portfolio Manager Selection and Evaluation

Your Advisory Representative is the sole portfolio manager available with respect to the Program. Because your Advisory Representative is the portfolio manager in this Program you acknowledge that you have chosen him or her to act in this capacity. Advisory Representatives are selected by their Firms based on various criteria including experience. You should refer to the relevant Form ADV of the Firm with which your Advisory Representative is associated.

Item 7 - Client Information Provided to Portfolio Managers

Your Advisor provides us with access to the following client related information: (i) account opening documents (which include, among other things, your investment objective, risk tolerance and any account restrictions you imposed on management of assets); (ii) your investment guidelines (if applicable); and (iii) reports relating to the performance of your account.

Please refer to the Firm's Privacy Policy located at www.securitiesamerica.com/disclosures to find details.

Item 8 - Client Contact with Portfolio Managers

Client-Advisor Relationship

You are encouraged to contact your Advisor with respect to any changes regarding your investment objectives, risk tolerance and requested restrictions with respect to management of your Program Investments. You should direct any questions that you have regarding the Program to your Advisor.

Item 9 - Additional Information

Disciplinary Information

Disclosure of Disciplinary Actions Related to Failure to Implement Policies and Procedures to Prevent Misappropriation of Funds

On June 30, 2021, Securities America Advisors, Inc. ("SAA") entered into a Settlement Order ("Order") with the Securities Exchange Commission ("SEC"). The SEC found that SAA violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. More specifically, during the period of November 2014 to March 2018, SAA failed to implement policies and procedures for the review of automatically generated surveillance alerts before and after client disbursements to ascertain possible misappropriation.

Without admitting or denying the SEC's findings, SAA agreed to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act Rule 206(4)-7. SAA reimbursed clients for their losses and agreed to pay a civil monetary penalty totaling \$1,750,000 to the SEC.

Additionally, SAA agreed to retain the services of an independent consultant to conduct a comprehensive review of SAA's policies and procedures designed to detect and prevent the misappropriation of assets from client accounts. We encourage all clients to review their official brokerage statements on a regular basis and report any concerns or irregularities with withdrawals to SAA.

Disclosure of Disciplinary Action Relevant to Business Development Corporation of America

On February 19, 2021, SAI and SAA (the "Firms") collectively entered into a Settlement Order ("Order") with the Commonwealth of Virginia State Corporation Commission ("Commission"). The Firms consented to the Order as a result of one representative's alleged conduct in his capacity as a registered representative of SAI and as an investment adviser representative of SAA. The representative was alleged to have violated Rule 21 VAC 5-20-280 (A) (3) of the Commission's Rules Governing Broker-Dealers ("B-D Rules") by recommending the purchase of the unsuitable Business Development Corporation of America ("BDCA"), as well as Rule 21 VAC 5-80-200 (A) (1) of the Commission's Rules Governing Investment Advisors ("IA Rules"). In the Order, the Commission alleged that the Firms failed to reasonably supervise one of its financial professionals for recommending the purchase of the unsuitable BDCA securities to a client.

Without admitting or denying the findings, the Firms agreed to purchase the remaining shares the client holds in BDCA for the full purchase price of \$50,000 and pay penalties and costs totaling \$25,000.

Disclosure of Disciplinary Action Related to the Sales of Complex Exchange-Traded Products

On November 13, 2020, Securities America Advisors, Inc. ("SAA") entered into a settlement agreement with the Securities and Exchange Commission ("SEC") and an administrative order has been issued by the SEC. The SEC found the Firm violated Section 206 and Rule 206(4)-7 of the Investment Advisers Act of 1940. More specifically, during the period from January 2016 through February 2018, SAA did not adopt and implement policies and procedures reasonably designed to prevent unsuitable investments by its investment advisor representatives in volatility-linked exchange traded products ("ETPs").

Without admitting or denying the SEC's findings, the Firm agreed to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Advisers Act Rule 206(4)-7. The Firm also agreed to pay disgorgement, prejudgment interest, and a civil monetary penalty totaling \$603,776.82 to the Securities and Exchange Commission.

The SEC noted that SAA cooperated with the SEC and promptly took remedial steps to adopt policies and procedures that, with a few narrow exceptions, prohibited trading in volatility-linked ETPs.

Disclosure of Disciplinary Action Related to Mutual Fund Share Classes

While SAA neither admitted nor denied the SEC's findings, the SEC found that SAA breached its fiduciary duty, had inadequate disclosures and was deficient in its compliance policies and procedures in connection with SAA's mutual fund share selection practices.

During February 1, 2012 to December 31, 2016 (the relevant period), the SEC found that SAA's IARs invested advisory clients in mutual fund share classes charging 12b-1 fees and that SAI, SAA's affiliated broker/dealer, received 12b-1 fees based on those investments. SAI then paid a portion of the 12b-1 fees to its registered representatives who also acted as SAA IARs. The SEC found that SAA's disclosure documents failed to adequately inform clients that this was a conflict of interest because less expensive share classes were available for the same fund and that this made SAA's practice inconsistent with its duty to seek best execution for its clients' transactions.

Also during the relevant period, the SEC found that SAA failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its Rules. The SEC found SAA's conduct violated Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7.

On December 14, 2017, without admitting or denying the SEC's findings, SAA submitted an Offer of Settlement. On April 6, 2018, the SEC entered an order against SAA (File Number 3-18424) in which SAA was instructed to cease and desist from committing or causing violations of Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7 thereunder. SAA was also censured and ordered to pay disgorgement of \$4,473,025.50, prejudgment interest of \$580,423.14 and a civil penalty of \$775,000.00. Clients can also refer to Investment Adviser Public Disclosure at www.adviserinfo.sec.gov for additional information.

Prior to the entry of the SEC's order, SAA implemented several policies to address the mutual fund share class selection practices described in the SEC's order. SAA now requires that its IARs complete all new purchases of mutual funds in advisory accounts at the lowest cost share class available to SAA, and SAA has worked with its clearing platforms to ensure compliance with this policy. Additionally, SAA has taken steps to convert mutual fund investments in all Class A shares (or comparable classes) to the lowest cost share classes available for the same funds at no costs or tax consequences to its existing advisory clients. For those shares that cannot be or have not yet been converted, SAA has implemented a policy to credit back any newly incurred 12b-1 fees to existing advisory clients.

Other Financial Industry Activities and Affiliations

Advisors that offer the Program may be "Related Persons" to us. You should see the ADV Part 2A of your Advisor that will be provided to you for information regarding any of their other financial industry affiliations and for any associated conflicts of interest.

Code of Ethics

We have adopted a Code of Ethics (the "Code") to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes our policies and procedures developed to protect your interests in relation to the following topics:

- The duty at all times to place your interests first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility;
- The principle that investment adviser personnel should not take inappropriate advantage of their positions;
- The fiduciary principle that information concerning the identity of security holdings and your financial circumstances is confidential; and
- The principle that independence in the investment decision-making process is paramount.

This response is only intended to provide you with a summary description of our Code of Ethics. Please refer to our Code of Ethics located at www.securitiesamerica.com/disclosures in its entirety for additional details.

It is SAA's policy to prohibit agency cross transactions where representatives act as brokers for both buying and selling a single security between two different clients and are compensated through an agency commission or principal mark-up for the trades. If we adopt a different policy in this area, we will observe all rules and regulations in accordance with the disclosure and consent requirements of Section 206(3) of the *Advisers Act*. Additionally, we are aware that such transactions only occur if we ensure that we meet our duty of best execution for the client.

Individuals who are covered by our Code ("Access Persons") can buy or sell securities identical to those recommended to you for their personal accounts. In addition, any of our Related Person(s) may have an interest or position in securities which are recommended to you. Our Code requires Access Persons to report their personal securities holdings for review by us.

Participation or Interest in Client Transactions

Your Advisor, who may be a Related Person to us, can recommend or buy and sell securities that it or its Related Persons' have a financial interest in. Please see the ADV Part 2A of your Advisor for further details on these financial interests and associated conflicts of interest.

Trade Errors

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

By opening an account with us, you are directing us to follow the error correction policy described above and to retain the financial gains, if any, recognized from error-correction transactions in the manner described as the payment of reasonable compensation for services provided.

Review of Accounts

Your Advisor periodically reviews your account and contacts you annually. For further account review details, please see the ADV Part 2A of your Advisor.

Indirect Compensation and Revenue Sharing Disclosure

The Advisor and Broker-Dealer offer a range of investments and services to its clients. As you work with your Advisory Representative to determine the right investments and services to achieve your investment goals, it is also important for you to understand how your Broker-Dealer, Advisor, and Advisory Representative are compensated. This is because various forms of compensation create potential conflicts of interest, and it is important for you to assess potential conflicts of interest in making investment decisions.

To better understand how your Advisor and Advisory Representative are compensated, please refer to your Advisor's Form ADV Part 2A. For additional information regarding Broker-Dealer and SAA compensation please refer to the [Indirect Compensation Disclosure](http://www.securitiesamerica.com/indirect-comp) located at www.securitiesamerica.com/indirect-comp.

Client Referrals and Other Compensation

As Program Sponsor, we receive a portion of the Account Fee as described in Item 4 above. For further details on compensation and other economic benefits that your Advisor receives, please see their ADV Part 2A.

Financial Information

Your Program assets will be custodied Pershing LLC. The Program does not allow, require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We have no financial condition that might impair our ability to meet our contractual commitments to clients, and have never been the subject of a bankruptcy proceeding.