



# Cadaret Grant & Co., Inc.

Form ADV Firm Brochure

100 Madison Street, Suite 1300

Syracuse, NY 13202

315-471-2191

[www.CadaretGrant.com](http://www.CadaretGrant.com)

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This Brochure provides information about the qualifications and business practices of Cadaret Grant & Co., Inc. ("Cadaret Grant"). If you have any questions about the contents of this Brochure, please contact us at 800-288-8601. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Cadaret Grant is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Cadaret Grant also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

This section summarizes material changes to our Brochure since Cadaret Grant's last annual update on March 31, 2022. For additional details, please see the item in this Brochure referred to in the summary below.

Item 5 – Fees and Compensation has been updated to:

- Reflect an increased Maximum Allowable Advisory Fee for the Contour APM, FSP, SMA, and UMA programs. The Advisory Fee remains negotiable between you and your IAR. Your Total Fee will not increase as part of this change unless you affirmatively accept such change through an updated Statement of Investment Selection ("SIS").

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## Item 4 - Advisory Business

Cadaret Grant & Co., Inc. ("Cadaret Grant," "us," or "we") was formed in 1985 and is a Delaware corporation. We are a wholly-owned subsidiary of AWS 4, Inc., which is a wholly-owned subsidiary of Atria Wealth Solutions, Inc., a Delaware corporation that is privately owned.

Cadaret Grant is a registered investment adviser with the Securities and Exchange Commission ("SEC"), a registered broker/dealer with the SEC, and a member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investor Protection Corporation ("SIPC"). Cadaret Grant is also licensed as an insurance agency.

Our investment advisory services ("Advisory Services") are made available to clients through individuals associated with Cadaret Grant as investment adviser representatives ("IARs"). Many IARs are dually licensed (i.e., they are licensed both as IARs and as registered representatives and offer both investment advisory and brokerage services), which, in addition to Advisory Services, allows them to offer commission-based products. Your IAR will disclose to you whether he or she is dually licensed and if there are any limitations on services offered due to registrations and qualifications.

The principal business of Cadaret Grant is providing a full line of services as a registered securities broker/dealer and investment adviser. In our capacity as a broker/dealer, we are involved in the sale of securities of various types including stocks, bonds, mutual funds, limited partnerships ("LPs"), unit investment trusts ("UITs"), and variable annuities. We do not sell proprietary products.

IARs are independent contractors of Cadaret Grant. IARs and Cadaret Grant branch offices often use marketing or business names other than Cadaret Grant. The purpose of using a name other than Cadaret Grant is for an IAR to create a brand that is specific to the IAR or branch but separate from Cadaret Grant. IARs who use names other than Cadaret Grant must disclose on their advertising and correspondence materials that securities and advisory services are offered through Cadaret Grant.

Our Advisory Services consist of programs sponsored by us, as well as advisory programs available through unaffiliated third-party investment advisers ("TPIA"). Our Advisory Services are designed to accommodate a wide range of investment philosophies and objectives. This allows our IARs to select the programs that they believe are best suited to meet each client's individual needs and circumstances. We do not hold ourselves out as specializing in a particular type of advisory service. However, some IARs focus on certain types of advisory services over others.

IARs are allowed, subject to Cadaret Grant's supervision, to develop their own investment philosophies and strategies. Investment philosophies and strategies can differ considerably between and among different IARs even with investment philosophies and strategies that carry the same or a substantially similar name. There is no guarantee, stated or implied, that a strategy's or client's investment goals or objectives will be achieved.

Clients have access to a wide range of securities products, including common and preferred stocks; municipal, corporate, and government fixed income securities; limited partnerships; mutual funds; exchange traded funds ("ETFs"), options, UITs, direct investment programs; and variable annuity products, as well as a wide range of other products and services including asset

allocation services. IARs offer advice on these and other types of investments based on the individual circumstances of each client.

As of December 31, 2021, Cadaret Grant had regulatory assets under management of \$6,312,176,705. Of that amount, \$22,769,652 was managed on a non-discretionary basis and \$6,289,407,053 was managed on a discretionary basis.

We offer the following advisory programs and services to our clients (“you” or “your”):

- The Investment Management System (“TIMS”)
- The Investment Management Systems II (“TIMS II”)
- Contour Platform
- Retirement services
- Consulting and financial planning services
- Third party investment adviser (“TPIA”) programs

### **The Investment Management System (TIMS)**

TIMS is an advisor as portfolio manager (“APM”) program that offers IARs the ability to implement a fee-based asset management program using a large selection of investments, including no load and load-waived mutual funds, general securities (stocks, bonds, and options), and other investments to help achieve a client’s investment objectives, all within one consolidated account. Each IAR has his or her own research techniques and investment strategies that apply to the creation of investment portfolios designed to help achieve a client’s investment goals.

Custody of a client’s TIMS account assets are maintained by an unaffiliated custodian designated by the client after consultation with an IAR. Custodial options include Pershing, LLC (“Pershing”), Charles Schwab & Co., Inc. (“Schwab”), and any other custodian we choose to make available. Each custodian is responsible for execution and clearing of transactions, custody of assets, and delivery of statements and confirmations for TIMS II accounts. Custodians are not affiliated with Cadaret Grant.

Transactions are implemented on a discretionary basis with the exception of general securities (stocks, bonds, and options), which are executed on a non-discretionary basis. An IAR will consult with a client before effecting general securities transactions. Transactions for client accounts are executed independently, unless an IAR decides to purchase or sell the same securities for several clients at approximately the same time, in which case an IAR might (but is not obligated to) combine or “batch” orders to obtain the best execution and to equitably allocate among clients the difference in price that might have been obtained had such orders been placed independently. When combined or batched, transaction prices and costs are averaged and allocated among an IAR’s clients in proportion to the purchase and sale orders placed for each client’s account on any given day.

During any month in which there is activity in an account, a client will receive a monthly account statement from the client’s custodian, (such as Pershing, Schwab, or a similar clearing firm) showing account activity and positions held in an account at month-end. A client will receive a confirmation of each transaction. Upon request, a client will be provided with any additional trade information required by SEC Rule 10b-10. Clients also receive a detailed quarterly performance report at the discretion of the IAR and an annual tax reporting statement from the account custodian for taxable accounts and transactions.

Effective April 1, 2022, the TIMS program will only be available to clients of IARs who have clients using the TIMS program on that date.

## **The Investment Management System II (TIMS II)**

TIMS II is an APM program that offers IARs the ability to implement a discretionary fee-based asset management program using a broad range of investments including mutual funds, ETFs, publicly and non-publicly traded real estate investment trusts (“REITs”), unit investment trusts (“UITs”), stocks, bonds, options, and other investments to achieve a client’s investment objectives, within one consolidated account. Each IAR has his or her own research techniques and investment strategies which apply to the creation of investment portfolios designed to achieve clients’ investment goals.

Custody of a client’s TIMS II account assets is maintained by an unaffiliated custodian designated by the client after consultation with an IAR. Custodial options include Pershing, and any other custodian we choose to make available. Each custodian is responsible for execution and clearing of transactions, custody of assets, and delivery of statements and confirmations for TIMS II accounts. Custodians are not affiliated with Cadaret Grant.

Transactions for client accounts are executed independently, unless an IAR decides to purchase or sell the same securities for several clients at approximately the same time. As noted above, when batched, transactions are averaged by price and allocated among an IAR’s clients in proportion to the purchase and sale orders placed for each client’s account on any given day

During any month in which there is activity in an account, a client will receive a monthly account statement from Pershing, Schwab, or a similar clearing firm showing account activity and positions in the account at month-end. A client receives a confirmation of each transaction that occurs within the account. Upon request, a client will be provided with any additional trade information required by SEC Rule 10b-10. Clients also receive a detailed quarterly performance report at the discretion of the IAR and an annual tax reporting statement from the account custodian for taxable accounts and transactions.

## **The Contour Platform (Contour)**

Cadaret Grant sponsors The Contour Platform (“Contour”), a discretionary wrap-fee investment advisory program that provides IARs access to tools to provide individualized investment management services. Contour is administered through an agreement with Envestnet Asset Management, Inc. (“Envestnet”), an investment adviser registered with the SEC. Cadaret Grant has engaged Envestnet to provide various administrative services to Contour clients as described below. Custody of a client’s Contour account assets is maintained by an unaffiliated custodian designated by the client after consultation with an IAR. Custodial options include Pershing and Schwab, and any other custodian we choose to make available. Each custodian is responsible for execution and clearing of transactions, custody of assets, and delivery of statements and confirmations for Contour accounts. Neither Envestnet nor any custodian is affiliated with Cadaret Grant.

Contour is comprised of four program options: (1) Advisor as Portfolio Manager, (2) Fund Strategist Portfolios (“FSP”), (3) Separately Managed Accounts (“SMA”), and (4) Unified Managed Accounts (“UMA”). Your IAR will confer with you to determine your financial needs and objectives and gather your customer profile and risk tolerance information to complete a Statement of Investment Selection (“SIS”). The information gathered from the risk tolerance questionnaire

(“RTQ”) or approved financial planning tool will assist in determining the allocation of your assets into an asset allocation model fitting one of seven investment profiles: Capital Preservation, Conservative, Conservative Growth, Moderate, Moderate Growth, Growth, or Aggressive. Your IAR will obtain your written consent to change your investment profile risk tolerance. Your IAR will assist you in selecting one of the four program options listed above. Your IAR will create a proposal (“Proposal”) including your investment profile questionnaire responses, selected program option(s), and applicable fees. You, your IAR, and Cadaret Grant will enter into a Contour Platform Agreement (“Contour Agreement”) outlining your participation in the Platform.

A client opening a Contour account will receive a copy of the Contour Wrap Fee Program Brochure or Form ADV Part 2A Appendix 1, which contains additional information concerning the Contour Platform, wrap fee programs in general, and a disclosure of fees payable by the client.

## **Retirement Services Program**

Our retirement services program offers an IAR three ways to assist retirement plan sponsors and plan participants with customized investment advisory services, diversified investment menus, consulting and reporting, and participant educational programs.

### **1. Investment Supervisory Services**

Cadaret Grant has contracted with unaffiliated third parties Aspire Financial services, LLC (“Aspire”) and FPS Services, LLC, doing business as IPX Retirement (“IPX”) to provide recordkeeping services and third party-administration services for qualified retirement plans. Through these platforms provided by Aspire and IPX, an IAR provides investment advisory service and assists plan sponsors with developing a customized investment plan to fit the needs of individual plan participants. Cadaret Grant and an IAR use various investment options, including mutual funds (including no-load and load-waived mutual funds), ETFs, asset allocation models, or a combination to meet the specific needs of the plan. In addition to the various investment options, plan participants have the ability to engage an approved sub-advisor on a platform for the creation and management of the investments offered to the plan. Each investment plan consists of a diversified mix of investment options to assist plan participants in meeting their individual needs. The mix and weightings of investments is based on the available investment plan options and each plan participant’s risk profile, investment objectives, and individual preferences. Each plan and plan participant has the opportunity to meet with the IAR at periodic educational sessions and the plan has the opportunity to review the assets in the plan periodically with the IAR. The plan and plan participants maintain full and complete ownership rights to all vested assets held within plan accounts. Plan participants have the ability to generate online account statements through a Web site provided by the recordkeeper, or receive account statements from the recordkeeper, showing account activity, positions, and asset values held in the account no less frequently than quarterly. Plan participants can also make changes to their investment allocation on a periodic basis, in accordance with the terms of the respective plan documents. The assets of each plan account are held at a qualified custodian.

### **2. Fee Based Retirement Plan Services (Retirement Consulting)**

Plan sponsors can retain an IAR to provide selected discretionary and non-discretionary services for qualified plans. An IAR can provide one or more of the following consulting services: general information on legislative, Department of Labor, and Internal Revenue Service matters of relevance to qualified plans; evaluation and recommendation of service providers, plan design, needs

analysis, preparation of plan investment policy statement, performance analysis of investments or investment managers utilized by the plan, monitoring of investments selected by the plan sponsor for style drift and correlation with stated fund investment objectives, enrollment meetings for participants, ongoing investment education for participants regarding plan options, information and education in response to participant inquiries, individual financial and estate planning consultation to plan participants, and plan distribution consulting.

Plan assets are held at a qualified custodian. The custodian will designate a broker/dealer of record for plan assets other than Cadaret Grant. If the broker/dealer of record or custodian receives mutual fund sub-transfer agent fees and/or mutual fund 12b-1 fees from investments in the plan, neither the IAR nor Cadaret Grant participate in these fees. Additionally, neither the IAR nor Cadaret Grant maintains responsibility for reviewing and/or monitoring such fees to ensure administrative costs are properly offset.

The person(s) signing the retirement plan agreement on behalf of a plan must acknowledge he or she is authorized to do so and is a responsible plan fiduciary as defined in the Department of Labor's Employee Benefits Security Administration Section 408b-2 regulation. All recommendations or investment advice provided by an IAR are based upon the information provided by the plan sponsor and/or plan participant as applicable. Cadaret Grant is a "fiduciary" as defined under Section 3(21) of the Employee Retirement Income Security Act of 1974 ("ERISA") only to the extent to which Cadaret Grant provides investment advice, as defined by ERISA, to the plan and/or the plan's participants. Cadaret Grant and the IAR will have no discretionary authority or control with respect to the plan or plan assets except as described in the following paragraph. Unless Cadaret Grant and the IAR are providing discretionary fiduciary services as described below, the plan sponsor and plan participants are solely responsible for implementing any of the IAR's recommendations with respect to plan assets. IARs will not provide trade execution services with respect to plan assets. Neither Cadaret Grant nor the IAR is a "fiduciary" to the plan under ERISA with respect to services not considered investment advice, as defined by ERISA, including but not limited to investment education, consultation on plan design, and consultation related to evaluation and selection of service providers. The disclosures required by the Department of Labor's 408b-2 regulation can be found within the firm's *Fee-based Retirement Plan Services Agreement*. These disclosures address items such as services, fees, payment notification, manner of payment, indirect compensation, and compensation to affiliates, related enterprises, and subcontractors.

In certain circumstances, if agreed among Cadaret Grant, the IAR, and the plan sponsor, Cadaret Grant will act as an "investment manager" as defined under Section 3(38) of ERISA to a plan, and will have the discretion and authority to establish the "line-up" of investment options available to participants under the plan, either (i) within parameters deemed appropriate by Cadaret Grant based on demographic and other data provided by the plan sponsor, or (ii) within certain parameters provided by the plan sponsor.

Cadaret Grant and our IARs acknowledge their duty to disclose and adequately address conflicts of interest, which can include an IAR using his or her position as a fiduciary to promote or solicit a plan sponsor to enter into any agreement or otherwise conduct business with an entity or enterprise in which an IAR has a financial interest ("related enterprise"). In the event a plan sponsor enters into an agreement or otherwise conducts business with a related enterprise, the plan sponsor will do so based solely on its knowledge and understanding of the other services available through the related enterprise.



### 3. Fidelity Retirement Investment Advisory Program

Cadaret Grant, through our IARs, provides non-discretionary investment advice to retirement plan participants enrolled in qualified retirement plans custodied or administered with Fidelity Investments through the Fidelity Investments Registered Investment Advisor (RIA) Program. In addition to information about a plan sponsor's investment policies and goals, Cadaret Grant collects information about a plan participant's financial situation, investment objectives, liquidity needs, income needs, time horizon, risk tolerance, and other relevant personal information. The information collected from the plan sponsor and the plan participant is used by the IAR to make non-discretionary investment recommendations to the plan participant, which may include asset allocation recommendations, investment portfolio construction, investment selection, and other services as agreed to by Cadaret Grant, the IAR, and the plan participant in the Investment Management Agreement. A plan participant has the sole responsibility to decide whether to follow any investment recommendation. Cadaret Grant does not have discretionary authority over a plan participant's account and is not responsible for buying or selling any securities for a plan participant's account.

### Consulting Services Program

Cadaret Grant's Consulting Services Program enables IARs to provide financial guidance for a fee.

**Comprehensive Financial Planning** – Under this arrangement, IARs provide a client with a written, comprehensive financial plan that covers a broad range of planning analysis and issues specific to the client such as retirement, college planning, business, investments, and tax and protection planning. A written, comprehensive financial plan can be provided by using MoneyTree, MoneyGuide Pro, NaviPlan, eMoney, or RightCapital software. The maximum fee for this service is \$10,000. Unearned, prepaid fees will be returned upon termination of the agreement.

**Consulting Services** – Under this arrangement, IARs provide evaluation, analysis, or recommendations to a client for a particular area of concern. The consulting services can include a comprehensive financial plan or specific services such as investment planning, retirement planning, estate planning, education planning, financial coaching, business planning, tax planning, budgeting/cash flow planning, and goal planning. The maximum fee for this service is \$350 per hour. Unearned, prepaid fees will be returned upon termination of the agreement.

Consulting services cannot include ongoing investment or asset management, asset rebalancing, asset allocation, or the execution of securities transactions. A consulting agreement is not an investment management agreement and does not convey discretion to an IAR or Cadaret Grant. The agreement is a single-use agreement specifically pertaining to the services outlined in the agreement and cannot be used for on-going or repeat services.

Providing advice under a consulting services agreement solely for an ERISA account is not permitted. Comprehensive advice that takes into consideration a client's ERISA accounts is permitted.

If a client chooses to implement advice through an IAR, the IAR and Cadaret Grant receive additional compensation for the products or services provided, which creates a conflict of interest. An IAR has a financial incentive to recommend that the consulting/planning advice be implemented

using a certain product or service over another product or service. A client has no obligation to implement recommendations by executing transactions through Cadaret Grant.

All fees are negotiable on an individual basis. Checks for consulting services fees must be made payable to Cadaret Grant & Co., Inc., and cannot be payable to the IAR, the IAR's business name, or any other business name. If collecting more than \$1,200 in fees, the fees cannot cover services provided over a period longer than six months.

### **Third Party Investment Adviser (TPIA) Programs**

Cadaret Grant provides its IARs and clients with access to a number of TPIA programs and platforms for use by IARs that provide clients the opportunity to receive the investment management expertise of a diverse set of advisers that specialize in different asset classes and investment styles and use different portfolio management techniques including asset allocation strategies, mutual fund and ETF models, separately managed account (SMA) programs, unified managed account (UMA) programs, wrap fee services, and other types of managed portfolios such as tax harvesting and tax efficiency strategies, risk management strategies, and dynamic and tactical portfolios. Some programs are more or less aggressive as compared to other programs. Some programs also have higher or lower fees and expenses than other programs. These programs are sponsored by the TPIAs and are offered through co-adviser, solicitor/referral arrangements, and other types of agreements between Cadaret Grant and a TPIA. Many TPIAs sponsor a broad range of investment programs.

When acting in a co-advisory capacity, Cadaret Grant and an TPIA are jointly responsible for the ongoing management of your account. Depending on the agreement between Cadaret Grant and a TPIA and based on the information provided by a client, an IAR will refer a client to or assist the client in selecting a TPIA who offers products and services that demonstrate an investment philosophy and style that appear to align with the needs of the client. A client is asked to provide detailed financial and other pertinent data to the IAR. An IAR helps a client determine the client's risk tolerance, investment goals, and other relevant guidelines. Factors we consider in the selection of a particular TPIA include (a) our assessment of a TPIA, (b) your investment experience, risk tolerance, goals, objectives, and restrictions, and (c) the assets you have available to invest. There is no guarantee that a client's goals or investment objectives will be achieved by any specific program.

TPIA program accounts are not managed by Cadaret Grant but are managed by a TPIA or one or more portfolio managers selected by the TPIA on a discretionary basis. Cadaret Grant does not serve as broker-dealer for any TPIA program accounts.

After an IAR assists a client in selecting a suitable TPIA program such as an asset allocation strategy or SMA portfolio, client assets are then either invested in the strategy or model or the TPIA begins to allocate the client's assets in the investment portfolio. The IAR provides initial and continuing education and information regarding the program selected. The IAR will also explain rebalancing guidelines utilized within the program and meet with a client periodically to discuss changes to the client's financial circumstances.

Asset allocation strategies are programs within which a TPIA, or a portfolio manager selected by the TPIA, invests in mutual funds, ETFs, or a variety of other securities across different asset classes to provide diversified holdings while attempting to generate consistent returns within a single strategy or model. Some asset allocation strategies have a specific breakdown of asset classes to be maintained over time, while others vary the composition as investment opportunities and circumstances change.

Mutual fund and ETF models are programs within which TPIAs perform due diligence to select mutual fund and ETFs to be included in the portfolios they create. The TPIAs also determine the asset allocations within each portfolio and perform periodic rebalancing. In addition, the TPIAs can periodically change the mutual funds and ETFs included in their portfolios based on their due diligence findings and adjust allocations based on their research and analysis.

SMA programs offer professional account management, taking into consideration individual risks and objectives. Within these programs, a TPIA generally either provides individual account management or selects other portfolio managers. The TPIAs and portfolio managers who provide these services can specialize in a specific area of the investment industry or provide private management services related to a variety of investment disciplines. SMA account portfolios usually include stocks and/or bonds, cash, and other investment vehicles.

UMA programs, also known as overlay portfolios, combine the individual investment management services of SMA programs with multiple investment products such as mutual fund and ETF models and strategies to create portfolios that are customized to meet the needs of an individual client. Similar to SMAs, a TPIA generally either manages UMAs or selects other portfolio managers who offer UMA services. The TPIAs and portfolio managers who offer UMAs generally provide consolidated performance reporting and rebalancing across various products and accounts.

Wrap fee accounts can be invested in various models, strategies, SMAs, UMAs, or other types of programs and are generally arrangements in which a client pays a single fee for execution and portfolio management services, traditional research, and advisory and investment management services.

Clients should always refer to a TPIA's Form ADV Part 2, or equivalent brochure, for a full description of their products and services and all related terms, conditions, fees, and expenses. Each client is provided a copy of applicable disclosure documents and Form ADV Part 2 prior to, or at the time of entering, into an advisory contract.

In certain circumstances an IAR acts purely in a solicitor or referral capacity when referring you to a TPIA. Under these arrangements, an IAR assists a client in identifying the client's objectives and refers the client to a TPIA according to the client's stated objectives. The client typically enters into an agreement directly with the TPIA and the client's funds are invested by the TPIA. The IAR monitors the performance of the TPIA and coordinates communication between the client and TPIA. An IAR does not actively participate in the execution of any securities transactions for a client's TPIA account and does not have authority to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, or the broker/dealer to be used for the purchase or sale of securities in the client's TPIA account. Cadaret Grant and your IAR is compensated for referring you to the TPIA program. This compensation generally takes the form of the TPIA sharing a portion of the advisory fee you pay to the TPIA. When Cadaret Grant acts as a solicitor for a TPIA program, you will receive a written solicitor disclosure statement describing the nature of our relationship with the TPIA program, if any; the terms of our compensation arrangement with the TPIA program, including a description of the compensation that your IAR and Cadaret Grant will receive for referring you to the TPIA program. Please consult the applicable TPIA's agreement for further information. Clients should refer to a TPIA's Form ADV Part 2, or equivalent brochure, for a full description of the terms and conditions of their services and fees.

Please refer to the terms of the applicable TPIA's account agreement for information on the capacity in which Cadaret Grant acts for a particular program.

TPIA sponsors are subject to our due diligence process for inclusion as a TPIA and are subject to future change from time to time. Please consult your IAR for information regarding available TPIA sponsors.

The services of a number of SMA Managers, Sb-Managers, and Model Providers we make available can be accessed through different platforms and programs including programs sponsored by us such as Contour, as well as through TPIAs programs. Your advisory fee will vary depending on the platform or program selected to access the SMA Manager, Sub-Manager, or Model Provider. We have a financial incentive to recommend programs that generate more fees to us. Most TPIA programs, as well as all of the programs we sponsor, such as Contour, are considered "wrap fee" programs. A wrap-fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. If you participate in our wrap fee programs, you will pay a single fee, which includes money management fees, transaction costs, and certain custodial and administrative costs. Clients should refer to the client agreement, fee schedule, and TPIA brochure for their program for details on what the wrap fee covers.

The total fees you pay to access a particular SMA Manager, Sub-Manager, or Model Provider through the Contour platform can be more or less than the combined fees charged by the TPIA, Cadaret Grant, and your IAR for a TPIA program that offers the same SMA Manager, Sub-Manager, or Model Provider through a co-advisory relationship. You should consider the aggregate fees charged on a particular platform and the services available when choosing a platform and investment manager and discuss with your IAR the platform and program pricing relative to a specific TPIA, SMA Manager, Sub-Manager, or Model Provider for additional details.

Since the TPIA services provided by each sponsor are unique, clients should request and carefully review the applicable disclosure brochure, client agreement, and other account paperwork for each TPIA for more detailed information about the services provided by a TPIA sponsor, including without limitation, a description of the TPIA sponsor's background, investment strategies, fees, custody arrangements, conflicts of interest, and other relevant information regarding the TPIA sponsor's services and business practices. Clients may obtain a copy of a TPIA's disclosure brochure from their IAR or by visiting [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

A complete list of TPIAs available through Cadaret Grant is available upon request.

## **Retirement Accounts**

When we and our IARs (i) provide investment advice to participants in or the fiduciaries of ERISA-covered retirement plans and to owners of IRAs, or (ii) recommend to participants in ERISA-covered retirement plans or owners of IRAs to make a rollover to an IRA, we are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. Fiduciary status for this purpose does not necessarily mean we are acting as fiduciaries for purposes of other applicable laws. This acknowledgement of fiduciary status does not confer contractual rights or obligations on you, the firm, or the IAR.

Regulations under ERISA and the Internal Revenue Code define fiduciary investment advice as (1) advice or recommendations, for a fee or other compensation, regarding investing in,

purchasing, or selling securities or other property to a plan, plan participant, or IRA owner; (2) provided on a regular basis; (3) where the advice is provided pursuant to a mutual agreement or understanding that; (4) the advice serves as a primary basis for investment decisions with respect to the plan or IRA assets; and (5) the advice is individualized to the plan, plan participant or IRA owner.

## **IRA Rollover Considerations**

If you are a participant in an employer-sponsored retirement plan such as a 401(k) plan, and decide to roll assets out of the plan into a Cadaret Grant advisory account, Cadaret Grant and your IAR have a financial incentive to recommend that you invest those assets in one of our programs, because Cadaret Grant and your IAR 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.

Plan participants are under no obligation to rollover their retirement assets to an IRA with Cadaret Grant and should carefully consider all relevant factors, such as penalty-free withdrawals starting as early as age 55, whether loans are permitted, legal protections, required minimum distributions, fees and expenses, service levels, available investment options, employer stock considerations and state taxes. A plan participant should also include in their rollover decision making process a thorough review of all options presented when reaching a distributable event; for example (a) remain invested under the plan, (b) transfer plan assets to a new employer-sponsored retirement plan (if applicable), (c) transfer plan assets to an IRA with a financial institution, or (d) withdraw assets directly, which would be subject to federal and applicable state and local taxes and possibly be subject to the Internal Revenue Service penalty of 10% if a participant is under age 50-1/2.

Cadaret Grant asks clients considering a rollover to complete Cadaret Grant's Retirement Plan Rollover Disclosure Form documenting the rationale for the rollover decision and disclosing important information and considerations in connection with a rollover.

## **General Disclosure Regarding ERISA and Qualified Accounts**

If an advisory account is a retirement account subject to the provisions of Title I of ERISA or section 4975(c)(1) of the Internal Revenue Code, we and our IARs who act as a fiduciary by providing investment advice for such retirement accounts ("Qualified Account") are generally prohibited from receiving both an advisory fee and any transaction-based compensation unless in compliance with applicable prohibited transaction exemptions under ERISA and the Internal Revenue Code or authorized by the U.S. Department of Labor. When you open a Qualified Account, you will (a) represent that the Qualified Account and any instructions given by you regarding the Qualified Account are consistent with applicable plan documents, including any investment policies, guidelines, or restrictions; (b) provide us with a copy of all relevant documents and agree that the advisory program you have selected is consistent with those documents; and (c) agree to notify us, promptly in writing, of any changes to any of the plan's investment policies, guidelines, or restrictions, or other plan documents pertaining to investments by the plan. If the assets in the Qualified Account constitute only a part of your plan assets, you will provide us with documentation of any of the plan's investment guidelines or policies that affect the Qualified Account. Whether any recommendation or investment your IAR makes for the Qualified Account complies with any such investment guidelines, policies, or restrictions will be determined on the date of the recommendation or purchase. You have the responsibility to give us prompt written notice if any investments made for the Qualified Account are inconsistent with such guidelines,

policies, restrictions, or instructions. You understand that the services that we perform have no effect on the assets of the plan that are not in the Qualified Account, and that we have no responsibility for such other assets. We are not responsible for plan administration or for performing any other duties that are not expressly set forth in the advisory agreement. You will obtain and maintain at your own expense any insurance or bonds you deem necessary to cover yourself and any of your affiliates, officers, directors, employees, and agents in connection with the Qualified Account.

## **How Services are Tailored to Fit your Needs**

Before engaging with an IAR, you should discuss the many differences between brokerage and advisory relationships as well as any limitations in the services your IAR offers. It's important to understand the associated costs and benefits of each option so that you can decide which types of account(s) and services may be best suited for your unique financial goals, investment objectives, and time horizon. You should bear in mind that your total cost for transactions under a fee account (i.e., an account where you pay a fee based on the assets in your account) versus a commission account (i.e., an account where you pay a fee for each transaction) can vary significantly and depend on a number of factors such as account size, volume of trading activity (number of transactions), type and quantity of investments purchased or sold, anticipated holding period for the investments in your account, potential risk and return, and commission rates.

When you open an account with us or consult one of our IARs for a financial plan, your IAR will request financial data from you by having you complete a new account form, client data sheet, and risk tolerance questionnaire.

Your IAR will examine your investment objectives, risk tolerance, and other factors to recommend specific investments or advisory programs to suit your needs. If there are any changes to this information, please notify your IAR immediately. Your IAR will review your account annually or more frequently as necessary to determine whether or not your assets should be reallocated due to changes in your financial situation, the market, or other conditions. Upon request to your IAR, you may impose reasonable investment restrictions you wish to apply to the investments or types of investments, to be bought, sold, or held in your account.

The investment advisory services provided largely depend on the personal information you provide. In order for your IAR to provide appropriate investment advice to, or in the case of discretionary accounts, make appropriate investment decisions for you, it is important that you provide accurate and complete responses to your IAR's questions about your financial condition, investment objectives and needs. It is also important for you to inform your IAR of any changes to your personal or financial circumstances, investment objectives or risk tolerance.

## **Item 5 - Fees and Compensation**

This section provides information concerning fees and compensation for investment advisory services and programs available through Cadaret Grant. Additional information regarding fees and compensation for the Contour wrap fee program offered by Cadaret Grant can be found in the Contour Wrap Fee Program Brochure.

Cadaret Grant and our IARs are compensated for their services by charging an advisory fee. Advisory fees are typically calculated as a percentage of assets under management. Fees vary based on the type of advisory service provided to a client. Fees are negotiable between a client



and Cadaret Grant. Cadaret Grant retains a portion of the advisory fee and pays a portion to the IAR advising or managing the account.

Specific program fees are discussed below. The fee charged can be higher or lower than a program's listed fees depending on a client's unique circumstances. The fee charged by Cadaret Grant is established in the client's written agreement with Cadaret Grant. Depending on the program selected, fees will be billed on a monthly or quarterly basis in advance or arrears. All fees are specified in the client agreement, which typically authorizes the custodian to directly deduct the advisory fees from a client's account.

Accounts opened or terminated during the calendar month or quarter are charged a prorated fee. Upon termination of any account (discussed below), any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Accounts may be terminated by providing written notice to Cadaret Grant.

Fees for accounts in the TIMS and TIMS II programs are prorated based on the number of business days in a month or quarter and Fees for Contour program accounts are pro-rated based on the number of calendar days in a month or quarter.

Advisory fees are charged to clients of Cadaret Grant's various advisory platforms in exchange for account management, investment advice, consultation, and other advisory services offered under the platforms. Advisory fees are separate and distinct from fees and charges imposed on clients by custodians, brokers (including Cadaret Grant), TPIAs, and other third parties, such as fees charged by managers, transaction fees, custodial maintenance fees, fees and taxes on brokerage accounts and securities transactions, and underlying mutual fund fees and expenses paid to mutual funds and other investment product companies. Some common transactions that include associated processing fees and charges include trading, transfers, distribution of funds, systematic investments and withdrawals, and mutual fund exchanges. Many different circumstances can cause fees and charges to vary account by account. Some of these circumstances include the type of security being traded and dollar amount and/or share quantity of the trade. Custodial fees vary between custodians and the type of account. For instance, some types of retirement accounts carry higher custodial maintenance fees than others.

Clients are charged fees for specific account services within a TIMS, TIMS II, or Contour account, including for: outgoing transfers, wired funds, stop payments, direct registration of securities, paper statements and confirms, margin extensions, ticket charges, and IRA maintenance and termination. See "Other Fees and Expenses" below.

The costs associated with an advisory account may be more than the costs associated with a traditional brokerage account arrangement where a client pays a commission for each transaction but does not receive ongoing advice, this is particularly true for clients that intend to have a low number of transactions or follow a buy-and-hold approach. If you intend to follow a buy-and-hold investment strategy or do not wish to receive ongoing investment advice or management services, you should consider opening a commission-based brokerage account rather than an advisory account.

In advisory accounts, a client is paying for ongoing investment advice from an IAR. An IAR recommending an advisory account to a client receives a portion of the advisory fee as a result of the client's participation in an advisory program. In some circumstances, this compensation will be more than what the IAR would receive if the client had a brokerage account through Cadaret Grant. If compensation would be more in recommending an advisory account than a brokerage account,

an IAR has a financial incentive to recommend advisory programs or services over brokerage programs or services. Notwithstanding that conflict of interest, Cadaret Grant and our IARs take their responsibility to clients seriously and will recommend an advisory program or service to a client only if it is reasonably believed to be in the client's best interest.

The amount of compensation an IAR can receive varies between advisory programs and services, therefore, an IAR has a financial incentive to recommend an advisory program or service that permits the IAR to charge higher compensation over another advisory program or service where the IAR's level of compensation is less. Recommendations for specific advisory programs or services are made based on an IAR's best judgment based on the information a client provides to the IAR.

Certain advisory programs also offer the ability to "household" eligible accounts for a lower fee-schedule. Householding refers to a client having multiple accounts and/or immediate family members with accounts who reside at the same address. In such a scenario, the client(s) may be eligible to aggregate their assets in eligible accounts for purposes of negotiating and determining the fee we charge. Households are established through the IAR and must be requested by the client. Neither Cadaret Grant nor our IARs are responsible for identifying eligible accounts. A client is responsible for determining if they have eligible accounts and ensuring those accounts remain eligible. Cadaret Grant and our IARs earn higher fees if clients elect not to household eligible accounts where available. Clients should discuss the program fee and any potential fee reduction available through householding with their IAR.

In most circumstances, IARs are also registered representatives with Cadaret Grant and, as such, may act in a broker-dealer capacity. In such capacity, an IAR may sell securities through Cadaret Grant and receive normal and customary commissions as a result of purchases and sales as well as 12b-1 fees from mutual funds held in client accounts. If an IAR recommends that a client invest in a security, which results in a commission being paid to the IAR in his or her capacity as a registered representative, and then recommends the security be moved to an advisory account, this represents a conflict of interest. Cadaret Grant conducts reviews of IAR commissions and advisory fees in an effort to ensure suitability for source of funds for new advisory deposits.

An advisory agreement can be terminated for any reason by either a client or Cadaret Grant effective upon receipt of written notice of such termination by the parties. A client will receive a prorated refund of any unearned, pre-paid monthly or quarterly account fees based upon the number of days remaining in the month or quarter after the termination date. For TIMS and TIMS II accounts the proration is based on business days and for Contour the proration is based on calendar days.

### **The Investment Management System (TIMS) and The Investment Management System II (TIMS II) Fees.**

The maximum annual asset management fee that may be charged for TIMS and TIMS II is 2.20% in addition to an account administrative fee of \$25 per quarter for accounts with less than \$100,000. Based on the fee schedule chosen, fees are billed in advance of each calendar month or quarter based on the value of the account at the close of business on the last business day of the ending month or quarter, and if applicable, an administrative fee. Initial fees for new accounts are calculated on a pro-rata basis for the remainder of the initial month or quarter based on business days. Cadaret Grant sends a monthly or quarterly billing invoice to the client and the custodian setting forth the fee due in advance for that month or quarter and the manner in which the fee is calculated. A client



authorizes payment of the fee directly to Cadaret Grant from the account upon presentation of this invoice. To pay the fee funds will be deducted from the account and, if necessary, from liquidating holdings in the following order: cash positions, money market funds, or current positions in the account. Cadaret Grant will review and evaluate, on a case by case basis, requests from clients to receive an invoice and pay their fee directly rather than from their accounts. An IAR has the discretion to discount fees.

Custody and clearing services are provided by Pershing and Schwab for TIMS and Pershing for TIMS II. Cadaret Grant reserves the right to designate, from time to time, other clearing and custody arrangements. Custody of funds and securities is maintained by the clearing firms and not by Cadaret Grant.

In addition to the asset management fees noted above you will pay transaction charges for all trades effected in a TIMS or TIMS II account. We markup the transaction charges that Pershing charges us for TIMS and TIMS II accounts custodied with Pershing, which is a source of additional revenue for Cadaret Grant. Although there are a number of factors considered in determining which custodian to use, the transaction charges associated with trades in a TIMS account custodied at Pershing are higher than the transaction charges for a TIMS account custodied at Schwab. The more transactions a client enters into, the more compensation we receive. This represents a conflict of interest due to the fact that we have a financial incentive to establish TIMS and TIMS II accounts with Pershing rather than Schwab because of the additional revenue we receive. This revenue, however, is retained by Cadaret Grant and is not shared with your IAR, so your IAR does not have a financial incentive to recommend you open a TIMS or TIMS II account custodied with Pershing rather than Schwab or engage in frequent transactions.

Please refer to the Account Fees published in the disclosure section of our website for a detailed schedule of transaction fees and other brokerage costs ([cadaretgrant.com/disclosures/](http://cadaretgrant.com/disclosures/)).

Cadaret Grant charges IARs platform fees to participate in TIMS and TIMS II. The platform fees are tiered based on account size and the aggregate amount of assets a branch office has in TIMS or TIMS II with a particular custodian. The platform fees for TIMS II are higher than for TIMS for accounts custodied at Pershing and the platform fees for TIMS accounts custodied at Schwab are higher than TIMS and TIMS II accounts custodied at Pershing. An IAR has an incentive to utilize a program where the IAR is charged a lower platform fee because the IAR's compensation increases by the amount of the platform fee saved. When considering whether to open a TIMS or TIMS II account at Pershing or a TIMS account at Schwab, a client should understand that the platform cost to an IAR for each platform may be a factor the IAR considers when recommending a particular platform or custodian.

When negotiating the advisory fee with your IAR, your IAR may choose to pay the transaction fees associated with your TIMS or TIMS II account for you. This decision to pay transaction fees on your behalf may be based on a variety of factors such as the level of trading in your account, the size of your account, and your overall relationship with the IAR. You should discuss fees you will pay with your IAR to make an informed decision regarding the fees you will pay for the services provided.

### **The Contour Platform (Contour)**

Contour is a wrap fee program where no transaction charges apply and a single fee is paid for all advisory services and transactions. The fees for participation in Contour are based on an annual

percentage of your platform assets. The total fee is comprised of three components: (a) a program fee, (b) an advisory fee, and (c) if applicable, a manager(s) fee. The manager fee applies in the FSP, SMA, and UMA programs, but no manager fee is included in the APM program.

The Total Fee is billed and collected monthly or quarterly in advance as noted on the SIS. The fee is based on the fair market value of your platform assets, including money market funds, interest, and reinvested dividends in the account, on the last business day of the prior calendar quarter. The custodian determines fair market value for fee calculation purposes.

Fees are automatically deducted from your account, or from any other billable account as directed by you. The first payment is prorated based on the number of calendar days in the billing period. If you invest or withdraw \$10,000 or more in the account after the first day of a billing period, a prorated fee or rebate is calculated on each eligible deposit or withdrawal with adjustments applied the subsequent month. If the account is terminated prior to the end of a billing period, a pro rata portion of the Total Fee will be reimbursed to you. The fees deducted, including the dates and amounts, are reflected on the statements sent by the custodian. You should review those statements and the fees deducted. Any questions on the fees deducted from your account should be directed to your IAR, or you may contact us at the number on the cover page of this brochure.

The advisory fee compensates your IAR for assisting in the design, implementation, and ongoing monitoring of your investment plan. The advisory fee is negotiated between you and your IAR but will not exceed 2.25% in APM and 2.00% in FSP, SMA and UMA, except that in connection with fees for annuity subaccount management in APM, the advisory fee will not exceed 1%. The fee charged depends upon a number of factors including the amount of the assets under management, the nature and extent of other account relationships between you and your IAR, the nature and complexity of the model portfolios, and other factors that the IAR deems relevant. The fee you negotiate may be different than the fees your IAR negotiates with other clients or the fees other IARs negotiate with other clients for similar services.

The program fee includes execution, clearing, custody, and Cadaret Grant, Envestnet, and custodian fees. The program fee is assessed in each of the program options and is non-negotiable.

Manager fees apply in the FSP, SMA, and UMA programs. The manager fee in the SMA and UMA varies by the selected SMA Manager, Sub-Manager, or Model Provider and ranges between 0.00% and 0.75% of your [Platform Assets.] In the UMA program, if your account has more than one Model Provider or Sub-Manager, the effective Manager Fee will be a blend of all Model Providers' and/or Sub-Managers' fees weighted by the dollar amount invested in each Model Portfolio. SMA Managers or Model Providers who charge no, or a nominal fee are typically compensated by advisory fees from the proprietary funds the SMA Managers or Model Providers include in their models. In the FSP, the Manager Fee ranges from 0% to 0.50% depending on the portfolio selected. Manager Fees are non-negotiable.

An additional charge of up to 10 basis points (0.10%) will be added to your program fee if you elect certain tax management services, ESG or socially responsible screening, or other portfolio customization described in the SIS. This charge is paid to the investment manager or the "overlay manager" that applies the tax screening to your investments.

For complete fee details including account fee schedule guidelines, please see the Contour Wrap Fee Program Brochure.

## Other Fees and Expenses

In addition to your advisory fee and transactions charges, you will pay individual retirement account ("IRA") annual maintenance fees and tax-qualified retirement plan trustee fees, certain custodial fees, and other ancillary charges within a TIMS, TIMS II, or Contour account, as applicable. You should expect to be charged for specific account services, such as account transfer fees, wire transfer charges, checking fees, and for other optional services elected by you on a per event basis. These fees are subject to the pricing schedule set by the custodian and Cadaret Grant and, in some cases, marked up by Cadaret Grant (which can be substantial) and shared between Pershing and Cadaret Grant. Please review Item 12 – Brokerage Practices of this Brochure for additional information. Our receipt of custodial fees, including where we markup a fee, creates a conflict of interest for Cadaret Grant because the fees constitute additional revenue to us, and the amount can be substantial. To mitigate this conflict, we do not share custodial fee revenues with your IAR, and we do not require or incentivize IARs to recommend advisory programs custodied with any custodian. Brokerage and other transaction costs and certain administrative fees incurred in Contour accounts are included in the wrap fee.

Please refer to the Account Fee Schedule published in the disclosure section of our website for a detailed schedule of transaction fees and other brokerage costs ([cadaretgrant.com/disclosures/](http://cadaretgrant.com/disclosures/)) for a better understanding of where we receive additional compensation.

You can elect to receive communications and documents from Pershing, including confirmations and statements, electronically by authorizing electronic delivery in writing. Unless you authorize electronic delivery, If Pershing delivers communications and documents to you via U.S. mail a paper delivery surcharge is assessed.

Interest on all cash account delinquencies (Cash Due Interest) in a client account is charged directly to your account at the then current rate. Transfer agent servicing fees, if any, are passed through to you and can vary based upon the transfer agent and position.

For Contour accounts in custody with Pershing, a \$10 mutual fund surcharge applies to purchases and redemptions of certain mutual funds that do not otherwise compensate Pershing for administration and operational accounting related to fund ownership. Neither Cadaret Grant nor your IAR retain any portion of the mutual fund surcharge. A list of applicable funds is available upon request.

## Additional Fees for Collective Investment Vehicles

For accounts that contain collective investment vehicles ("Collective Investment Vehicles"), such as mutual funds, closed-end funds, unit investment trusts (UITs), exchange-traded funds (ETFs), annuities, structured products, or publicly traded real estate investment trusts (REITs), each Collective Investment Vehicle bears its own internal fees and expenses, such as fund operating expenses, management fees, deferred sales charges, redemption fees, other fees and expenses, regulatory fees, charges assessed by annuity issuers such as contract charges, contract maintenance charges, transfer charges, optional rider fees, subaccount management fees and administrative expenses, short-term trading redemption fees, and other fees imposed by law. Collective Investment Vehicle fees are disclosed in the applicable prospectus, statement of additional information, or product description. None of these fees are shared with Cadaret Grant

or your IAR. These fees or charges are in addition to the advisory fee you pay resulting in increased costs to you.

Some mutual funds assess redemption fees to investors upon the short-term sale of their funds. Depending on the particular mutual fund, this can include sales for rebalancing purposes. Please see the prospectus for the specific mutual fund for detailed information regarding such fees. In addition, you can incur redemption fees, when the portfolio manager to an investment strategy determines that it is in your overall interest, in conjunction with the stated goals of the investment strategy, to divest from certain Collective Investment Vehicles prior to the expiration of the collective investment vehicle's minimum holding period. Depending on the length of the redemption period, the particular investment strategy and/or market conditions, a portfolio manager may be able to minimize any redemption fees when, in the portfolio manager's discretion, it is reasonable to allow you to remain invested in a Collective Investment Vehicle until expiration of the minimum holding period.

### Compensation Related to Mutual Funds and Other Investments

Your IAR, when acting in his/her separate capacity as a registered representative (i.e., as a broker) of Cadaret Grant, earns commissions from the sale of mutual funds, variable annuities, ETFs, and other securities. After considering your overall needs and objectives along with your preferences, your IAR may recommend that you convert from a commission-based account to a fee-based advisory account. We maintain policies and procedures to ensure a conversion from a commission-based account to fee-based advisory account is in your best interest. Among other things, we employ the following policies:

- When Class A, B, or C shares of mutual funds are transferred into an advisory account, additional mutual fund purchases within the advisory account will be made at net asset value (NAV) typically in advisor or institutional share classes, which do not include 12b-1 fees. Such purchases will not result in your payment of a commission in addition to the annual advisory fee.
- Cadaret Grant will attempt to convert Class A, B and C share mutual fund holdings in an advisory account to advisor or institutional class shares where available. In the event a tax-free conversion is not available or does not occur, 12b-1 fees received in fee-based accounts will be credited to your account.
- Cadaret Grant will hold at your request and for your convenience certain illiquid, thinly traded securities such as alternative investments ("unsupervised assets") to assist you in avoiding additional custodial fees and account maintenance costs. Although some alternative investment products are offered net of commissions to clients who pay an ongoing asset-based advisory fee, your IAR will execute your alternative investment transaction as a financial professional and will receive and share in commissions, and depending on the selected share class, ongoing distribution fees. Cadaret Grant believes that alternative investments cannot be managed or administered on a fee-basis (due to their illiquidity, long-term holding period, and inexact valuation); therefore, these unsupervised assets are permanently excluded from billing.
- Your IAR can agree, at your request, to hold certain assets in an advisory account such as previously acquired concentrated positions in a stock or bond, that you wish

to liquidate over a period of time or hold to maturity. Such assets are excluded from billing.

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, B, and C shares), mutual funds can also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount thresholds or is enrolled in an eligible fee-based investment advisory program. Institutional share classes usually have a lower expense ratio than other share classes. Cadaret Grant and our IARs have a financial incentive to recommend or select share classes that have higher expense ratios because such share classes generally result in higher compensation. Cadaret Grant seeks to minimize this conflict of interest, by providing our IARs with training and guidance on this issue, as well as by conducting periodic reviews of client holdings in mutual fund investments to ensure the appropriateness of mutual fund share class selections and whether alternative mutual fund share class selections are available that might be more appropriate given a client's particular investment objectives and any other appropriate considerations relevant to mutual fund share class selection. Regardless of such considerations, clients should not assume that they will be invested in the share class with the lowest possible expense ratio.

The appropriateness of a particular mutual fund share class selection is dependent upon a number of considerations, including: the asset-based advisory fee that is charged, whether transaction charges are applied to the purchase or sale of mutual funds, the overall cost structure of the advisory program, operational considerations associated with accessing or offering particular share classes (including the presence of selling agreements with the mutual fund sponsors and Cadaret Grant's ability to access particular share classes through the custodian), share class eligibility requirements, and the revenue sharing, distribution fees, shareholder servicing fees, or other compensation associated with offering a particular class of shares.

Further information regarding fees and charges assessed by a mutual fund is available in the mutual fund prospectus.

## **Wrap Fee Program versus Non-Wrap Fee Program**

We offer asset management services through both wrap fee (such as Contour and most TPIA) and non-wrap fee (such as TIMS and TIMS II) programs.

### **Wrap Fee Programs**

A wrap fee program is defined as an advisory program in which a client pays a specified fee for portfolio management services and trade execution. We receive a portion of the investment advisory fee you pay when you participate in any of the wrap fee programs we offer. Wrap fee programs are not suitable for all investments needs and any decision to participate in a wrap fee program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon. The benefit of a wrap fee program depends, in part, upon the size of an account, the types of securities in the account, and the expected size and number of transactions likely to be generated. Generally, wrap fee accounts are less expensive for actively traded accounts. For accounts with little or no trading activity, a wrap fee program may not be suitable because the wrap fee could be higher than fees in a traditional brokerage or non-wrap fee advisory account where you pay a fee for advisory services plus a commission or transaction charges for

each transaction in the account. You should evaluate the total cost for a wrap fee account against the cost of participating in another program or account.

### **Non-Wrap Fee Programs**

Wrap fee programs differ from other programs in that the fee structure for wrap programs is all-inclusive, whereas non-wrap fee programs, such as TIMS and TIMS II, assess trade execution costs that are in addition to the investment advisory fees. In TIMS and TIMS II there are two separate types of fees. We charge an investment advisory fee for our advisory services and another fee ("ticket charge") is charged for each transaction (purchase, sale, or exchange) for accounts held at Pershing or Schwab. Cadaret Grant has a conflict of interest in offering non-wrap accounts custodied through Pershing due to the receipt of additional transaction-based ticket charge revenue received by us in our capacity as a broker/dealer

Cadaret Grant maintains policies and procedures to ensure the recommendation of a specific account type is in your best interest. There is no guarantee that the Advisory Services offered will result in your goals and objectives being met. Nor is there any guarantee of profit or protection from loss. No assumption can be made that an advisory fee arrangement or portfolio management service of any nature will provide a better return than other investment vehicles. Advisory programs are not suitable for all investment needs, and any decision to participate in a wrap fee or non-wrap fee program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations. You should evaluate the total cost for participating in a particular advisory program in consultation with your IAR.

### **Retirement Services Program - Investment Advisory Services**

The maximum annual asset fee charged for retirement services is 2.20%. Fees are billed in advance of each calendar quarter based on the value of the account on the last business day of the quarter, and if applicable, an administrative fee can be charged. An IAR has the discretion to discount fees. Advisory fees are separate and distinct from other fees that might apply, including transaction fees, underlying mutual fund fees and expenses paid to the fund by shareholders of a mutual fund as outlined in each fund's prospectus, and custodian fees. IARs do not participate in administrative fees.

A client is entitled to a prorated refund of any unearned, pre-paid account fees based upon the number of days remaining in the quarter after the termination date.

### **Retirement Services Program - Fidelity Investments Retirement Investment Advisory Program**

Fees are negotiable and the IAR has discretion to discount fees. Advisory fees are billed in arrears as disclosed in the Investment Management Agreement. The maximum annual asset fee charged is 1.00%. A portion of the fee paid by a plan participant is paid to Cadaret Grant for its administrative services, with the remainder of the fee paid to the IAR. Fees are based on several factors, including, but not limited to time and labor, complexity of the services provided, and special circumstances involved, and the qualifications or expertise of the IAR. Advisory fees are separate and distinct from other fees that might apply, including transaction fees, underlying mutual fund fees and expenses paid to the mutual fund, and custodian fees.



The Investment Management Agreement between Cadaret Grant, the IAR, and the plan participant can be terminated for any reason by the plan participant or Cadaret Grant effective upon receipt of written notice of such termination by the parties. A client is entitled to a prorated refund of any unearned, pre-paid account fees based upon the number of days remaining in the quarter after the termination date.

Custody and clearing services are provided by National Financial Services LLC.

### **Retirement Services Program - Fee Based Retirement Plan Services**

Fees are billed at the individual IAR's specific rate schedule. Fees are negotiable. The plan sponsor can elect to have fees payable based on an hourly rate, quarterly flat fee, quarterly fee per participant, annual flat fee, annual fee per participant, or on a quarterly basis as a percentage of plan assets. An IAR cannot charge a fee in an amount more than \$1,200 and six months or more in advance. The maximum annual asset fee charged is 2.20%. Fees are generally billed in arrears each calendar quarter based on the value of the account on the last business day of the ending quarter, and if applicable, administrative fees are also billed in arrears. Fees can be billed in advance if agreed upon by the IAR and plan sponsor. If a client pays fees in advance and the advisory agreement is terminated prior to delivery of services, the client should contact his/her IAR, who will in turn contact Cadaret Grant. Hourly fees are generally payable from the plan sponsor upon receipt of an invoice for services provided.

Advisory fees are separate and distinct from other fees that might apply, including transaction fees, underlying mutual fund fees and expenses paid to the mutual fund, and custodian fees. IARs do not participate in administrative fees. The agreement can be terminated for any reason by any party effective upon receipt of written notice of such termination by the parties. A client will receive a prorated refund of any unearned, pre-paid account fees based upon the number of days remaining in the quarter after the termination date.

### **Consulting Services Program**

Fees are billed at the individual IAR specific rate schedule and are negotiable. Fees can be charged on an hourly, flat, or fixed-fee basis, as well as in arrears or in advance, as determined under the Consulting Services Agreement. If a client pays fees in advance and the advisory contract is terminated prior to delivery of services, the client should contact his/her IAR, who will in turn contact Cadaret Grant. An IAR cannot charge a consulting fee in an amount more than \$1,200 and six months or more in advance. The maximum fee for Comprehensive Financial Planning services is \$10,000. The maximum fee for Comprehensive Consultation services is \$350 per hour. The maximum fee for an Assessment Consultation is \$350.

The agreement can be terminated for any reason by any party effective upon receipt of written notice of such termination by the parties. In the event of termination, Cadaret Grant and/or your IAR will decide the amount to be charged to you based upon the time and resources expended. Generally, you will be charged for the portion of work performed and any unearned fees will be refunded.

### **Third Party Investment Adviser (TPIA) Programs**

Compensation for TPIA programs is generally provided to Cadaret Grant and an IAR in exchange for introducing clients to a TPIA. Compensation can also be in exchange for the initial and continuing

education and information that Cadaret Grant and the IAR provide regarding the TPIA program selected. Compensation is usually a fixed percentage of the fees charged by a TPIA to the clients introduced by Cadaret Grant or the IAR. The fees paid by a client are based on assets under management. Additional fees for other services provided by a TPIA, such as custody and transaction fees, can be charged by a TPIA. Specific information about the services provided and the fees associated with the services is contained in a TPIA's Form ADV Part 2 or similar disclosure brochure and client agreement. A client should carefully review the TPIA's Form ADV Part 2 or brochure to fully understand all services to be provided, as well as the fees and expenses that are associated with those services, to determine (1) if compensation is payable before a service is provided; (2) when compensation is payable; (3) how a client can get a refund; (4) what conflicts of interest exist with respect to a client's participation in the program; (5) how a client can terminate an advisory contract before its expiration date; and (6) if fees are negotiable.

TPIAs can impose a minimum dollar value of assets or other conditions for starting or maintaining accounts. Minimum account sizes are determined by the TPIA, not Cadaret Grant.

### **Other Forms of Compensation**

Cadaret Grant receives compensation from a number of unaffiliated TPIAs to assist in paying for ongoing marketing and sales support activities including, but not limited to, training, educational meetings, due diligence reviews, and day-to-day marketing and/or promotional activities. Not all TPIAs pay such compensation. Participating TPIAs can change over time. A list of current participating TPIAs can be found in the Third Party Fee Disclosure posted on our website at [cadaretgrant.com/disclosures/](http://cadaretgrant.com/disclosures/).

The compensation arrangements vary and are generally structured as a fixed dollar amount or as a stated percentage not exceeding 0.05% of sales and 0.03% on assets with the TPIA.

A conflict of interest exists where Cadaret Grant receives compensation because there is an incentive to recommend these TPIAs over other investment opportunities in order to generate additional revenue for the firm. However, our IARs are not required to recommend any TPIA providing additional compensation, nor do they directly share in any of this compensation.

With respect to the AssetMark Program, an IAR is entitled to receive a quarterly and/or one-time reimbursement from AssetMark for qualified marketing and/or business development expenses incurred by the IAR. Payment/reimbursement of expenses is not contingent upon sales targets or contests, but rather on total assets managed on the AssetMark platform. This creates conflicts of interest as it provides an incentive to recommend AssetMark over other TPIA programs that do not offer such reimbursement and to offer advisory services to you that are not suitable in an effort to reach client asset thresholds. The amount of such reimbursement is based on the total assets invested at the end of each calendar quarter in the AssetMark Program.

A number of product sponsors pay Cadaret Grant due diligence fees which are retained by Cadaret Grant and not paid to IARs. IARs can receive marketing allowances or expense reimbursements from certain product sponsors paid from the product sponsor's own resources and not from client funds or assets. These arrangements do not impact the fees charged to clients by Cadaret Grant, IARs, or the product sponsors.



## Compensation for Other Investment Products

### Margin Accounts

Pershing offers margin accounts for our clients where you may borrow funds for the purpose of purchasing additional securities. You may also use a margin account to borrow money to pay for fees associated with your account or to withdraw funds. If you decide to open a margin account, please carefully consider that: (i) if you do not have available cash in your account and use margin, you are borrowing money to purchase securities, pay for fees associated with your account, or withdraw funds; and (ii) you are using the investments that you own in the account as collateral. We and your IAR have a conflict of interest when recommending that you purchase or sell securities using borrowed money because your advisory fee is based on the total market value of your account. Please carefully review the margin disclosure document for additional risks involved in opening a margin account.

Money borrowed in a margin account is charged an interest rate that is subject to change over time. This interest payment is in addition to other fees associated with your account.

Pershing charges interest on margin loans to clients. A client is charged a rate of interest that is a floating rate ranging from 0.25% to 2.75% above the Pershing base lending rate depending on the amount of the margin advance. Cadaret Grant receives compensation in an amount by which the interest rate exceeds the Pershing base lending rate less 1% [and we share this with your IAR.] Cadaret Grant and our IARs have an incentive for a client to borrow money rather than liquidate some of their account assets so that Cadaret Grant and our IARs can continue to receive advisory fees on those assets. This results in additional compensation in connection with a client's advisory account.

### LoanAdvance Program

You can participate in Pershing's LoanAdvance program which is a securities-based line-of-credit that can be used for most personal, consumer or business needs. In LoanAdvance, a client pledges eligible securities in his or her advisory account as collateral to secure the non-purpose loan. The client is charged a rate of interest that is a floating rate not to exceed 3 percentage points above the Prime Rate as published in *The Wall Street Journal*, plus 2%. We receive compensation in an amount by which the interest rate is marked up over the Prime Rate, if any, and we share this with your IAR. Cadaret Grant and our IARs have an incentive for a client to borrow money rather than liquidating some of their account assets so that Cadaret Grant and our IARs can continue to receive advisory fees on those assets. This results in additional compensation in connection with a client's advisory account. Trading is permissible in the advisory account that is pledged for the loan; however, the collateral must meet Pershing's LoanAdvance maintenance requirement to support the loan.

### Securities Lending

You are able to enroll in Pershing's Fully Paid Securities Lending program, which enables qualified investors to lend fully paid-for securities to Pershing. Pershing earns revenue from lending these securities and a portion of that revenue is shared with you, Cadaret Grant, and your IAR. Cadaret Grant and your IAR share in 5% of the revenue received. The receipt of this extra compensation creates a conflict in certain advisory programs in which your IAR acts as the portfolio manager. The conflict surrounds whether this extra compensation would cause your IAR to hold a security in your account that would have otherwise been liquidated but not for receipt of additional compensation. This conflict is mitigated by our requirement that investment decisions

made by your IAR must be in your best interests, as well as the fact that if an account holds these positions, your IAR's compensation will increase nominally, but the security will also generate income for your account. Not all accounts or clients qualify for this program.

IARs who are registered representatives of Cadaret Grant also receive commissions from Cadaret Grant in their separate capacity as registered representatives of Cadaret Grant in connection with the sale of financial products they recommend. Receiving such commissions creates a conflict of interest for the IAR and our firm. Accordingly, we monitor and supervise these activities to ensure recommendations of financial products are suitable based upon your financial needs, investment objectives, and risk tolerance.

## **General Information Concerning Fees**

Fees vary between IARs, and clients can pay more or less than the fees charged by another IAR for similar services. The advisory fee charged can be more or less than what Cadaret Grant and your IAR might earn from other programs available in the financial services industry or if the services were purchased on a commission basis. To this end, you have the option to purchase investment products that your IAR may recommend to you through other financial services firms that are not affiliated with Cadaret Grant.

Advisory fees are charged on all mutual fund shares deposited to advisory accounts unless eligible for the fee offset program described in the section entitled *Compensation Related to Mutual Funds and Other Investment Products* above. This includes shares deposited into an investment advisory account on which a client paid a sales charge. Also, to the extent that cash used for investment 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 could be incurred. Such redemption fees would be in addition to the advisory fee on those assets. You should be aware that such redemptions and exchanges between mutual funds within investment advisory accounts typically have tax consequences in nonretirement accounts, which should be discussed with an independent tax advisor.

## **Disclosure to ERISA Plans**

Cadaret Grant has disclosed in this brochure conflicts of interest, such as receiving additional compensation from third parties for providing marketing and other services in connection with certain products. Cadaret Grant has also developed policies designed to prevent a prohibited transaction under ERISA. For example, please refer to the sub-section titled *Fee Based Retirement Plan Services (Retirement Consulting)* of Item 4 which explains Cadaret Grant's policy regarding the affiliated businesses of IARs. Additionally, it is Cadaret Grant's policy not to influence any IAR's advice or management of assets based on any compensation that Cadaret Grant or the IAR might receive from a third party.

If the custodian of a plan's account is Pershing and Cadaret Grant receives 12b-1 fees from a mutual fund in which the plan account invests, the 12b-1 fees paid to Cadaret Grant will be credited to the plan's account monthly or quarterly (depending on the mutual fund).

An ERISA plan sponsor is responsible for ensuring Cadaret Grant and IAR have been furnished complete copies of all documents that establish and govern the plan and evidencing a client's authority to retain Cadaret Grant as an investment adviser. Clients must promptly furnish to Cadaret Grant any amendments to the plan and if any amendment affects the rights or obligations

of Cadaret Grant, such amendment will be binding on Cadaret Grant and IAR only when agreed to by Cadaret Grant and IAR in writing.

Plan sponsors must maintain appropriate ERISA bonding coverage for their managed account(s) and must include within the coverage of the bond Cadaret Grant, IAR, and their personnel as required by law.

Cadaret Grant prohibits our IARs from providing advice to or managing assets for ERISA clients if conflicts of interest exist that Cadaret Grant believes are prohibited by ERISA.

The disclosures required by the Department of Labor's 408b-2 regulation are provided in one of, or a combination of the following documents: account agreements that include the required disclosures; contract addendums; separate written disclosures; and disclosures provided by third parties such as TPIAs. These disclosures address items such as services, fees, payment notification, manner of payment, indirect compensation, and compensation to affiliates, related enterprises, and subcontractors.

## **Item 6 - Performance-Based Fees and Side-by-Side Management**

Advisory fees based upon a share of capital gains or capital appreciation of assets of an advisory client are commonly referred to as "performance-based fees." Cadaret Grant does not permit IARs to accept performance-based fees. Cadaret Grant does not engage in side-by-side management.

## **Item 7 - Types of Clients**

The types of clients to whom Cadaret Grant generally provides investment advice include: individuals, high net worth individuals, pension and profit-sharing plans, participants in qualified retirement plans, trusts, estates, charitable organizations, corporations and other business entities. Our clients can have both fee-based advisory accounts and commission-based brokerage accounts. Depending on an IAR's registrations and qualifications, and a client's preferences and needs, our representatives provide advisory services, brokerage services, or both.

The minimum initial account size for TIMS and TIMS II is \$25,000. The minimum account size for these programs can be waived at Cadaret Grant's discretion. TPIA advisory programs also require minimum investment amounts that vary by program. We do not require a minimum asset amount for the Retirement Services Program or Consulting Services.

The initial minimum account size for the Contour programs is listed below.

<u>Contour Program</u>	<u>Minimum</u>
Advisor as Portfolio Manager	\$25,000
Fund Strategist Portfolios	As low as \$2,000
Separately Managed Accounts	\$100,000
Unified Managed Accounts	\$100,000

The initial Contour account minimum can be waived at Cadaret Grant's discretion, considering various factors. Such factors include length of client relationship, combined values of other

household/family member accounts, or other pertinent facts. In the SMA program, should the SMA Manager require a higher minimum, the higher minimum will apply. In the UMA program, the minimum account size for each model style is determined by the Model Provider or Sub-Manager.

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

IARs are responsible for determining and implementing investment advice under the supervision of Cadaret Grant. An IAR performs various techniques in analyzing investments for advisory clients which can include, charting, fundamental analysis, technical analysis, cyclical analysis, and dollar cost averaging. There is no guarantee that a client's investment goals or objectives will be achieved. Investing in securities involves risk of loss that clients should be prepared to bear. As a result of this inherent risk, Cadaret Grant and our IARs cannot represent, guarantee, or imply that our services and methods of analysis accurately forecast future returns, accurately identify market highs and lows, or protect investors from investment losses as a result of economic downturns and market corrections.

All methods of analysis and investment strategies involve some material risks, including the risk of loss. Some of the material risks involved in charting and technical analysis include the potential for a lack of consideration given to the intrinsic value of specific investments. Technical analysis and charting focus primarily on economic factors and market conditions, which can overlook variables specific to a particular investment. Conversely, fundamental analysis generally focuses on more specific variables, such as a public companies financials, sales, earnings, debt, management, and assets. As a result, fundamental analysis includes the risk of not taking into consideration the overall state of the economy and markets. Cyclical analysis is also subject to material risks, which include uncertainty over how long cycles will last, when they will peak and when they will reach a bottom.

While much less common and not recommended to most clients, some IARs provide short-term trading as an investment strategy, or as part of, an investment strategy. In general, short-term trading is a strategy that often involves more frequent trading where an IAR will try to identify the best times to be in and out of the market. This service is designed to take advantage of stock market fluctuations by being invested based on the anticipated market direction. Clients should be aware that this strategy is considered an aggressive, higher-risk investment strategy. Only clients that are looking for a speculative investment strategy should participate in a short-term trading strategy offered by an IAR.

Investment recommendations made by IARs through Cadaret Grant's advisory services programs often involve the use of mutual funds. Investing in mutual funds involves material risks, including the risk of loss. One material risk is the cost of sales charges, annual fees, and other expenses impairing fund performance. Another risk is the potential for tax consequences as a result of income and capital gains distributions. Clients can incur taxes on distributions even if a fund performs poorly after shares were purchased. Lack of control is also a risk that you encounter. Clients and IARs typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they influence the securities a fund manager buys and sells or the timing of those trades. Another risk is price uncertainty. Mutual fund investors face this risk because the price at which shares are purchased and sold is based on a fund's net asset value, which sometimes is not calculated until many hours after a transaction has already been processed. Clients should read a fund's prospectus and shareholder reports to learn about its investment strategy and risks. For additional

information on investing in mutual funds, we recommend the SEC's *Invest Wisely, An Introduction to Mutual Funds*, which can be found at: [www.sec.gov/investor/pubs/inwsmf.htm#pitfalls](http://www.sec.gov/investor/pubs/inwsmf.htm#pitfalls).

Clients may also elect to purchase structured products within a Contour APM account. Structured products are securities derived from or based on a single security, a basket of securities, an index, a commodity, a debt instrument, and/or a foreign currency. Structured products have a fixed maturity, but typically contain two components – a note or certificate of deposit and a derivative (which may be an option). Structured products are issued by financial institutions, such as banks and broker-dealers, and are senior, unsecured debt of the issuing institution. As such, structured products are subject to the credit worthiness of the issuer even if they are structured to offer principal protection, and any payments due at maturity are dependent on the issuer's ability to make payment. In addition to this credit risk, other risks of investing in structured products include, but are not limited to, liquidity risk, limitations on upside participation, and the tax treatment may be different from other investments in a Contour APM account.

There are risks associated with investing in certificates of deposit ("CDs"). While CDs are generally considered safe instruments because a CD is for a fixed period of time, there is the risk of inflation eroding the returns from the CD, particularly over long periods of time. An increase in interest rates will cause the value of a CD to decrease. In a low interest rate environment, the advisory fee and transactions costs to purchase a CD may exceed its yield. Some CDs have a call feature, thus there is the risk that these CDs may be called by the issuing bank before maturity. Another risk associated with CDs is the risk of penalties for early withdrawal if the CD is cashed in before maturity. In a low interest rate environment, the cost of purchasing a CD may exceed the yield or return.

An investment in a money market mutual fund, unlike a bank deposit, is not insured or guaranteed by the FDIC or any other governmental agency, and it is possible to lose money by investing in a money market mutual fund. Money market mutual funds are covered by SIPC, which protects against the custodial risk (not a decline in market value) when a brokerage firm fails by replacing missing securities and cash up to a limit of \$500,000, of which \$250,000 may be cash.

A money market mutual fund generally seeks to achieve a competitive rate of return (less fees and expense) consistent with its investment objective(s), described in its prospectus. Money market funds seek to preserve a net asset value of \$1.00, with excess earnings that are generated through interest on portfolio holdings distributed to investors in the form of dividend payments. Average annual rates of return of the money market mutual funds offered as cash sweep options will vary over time and may be higher or lower than the rate paid on other sweep options (including the FDIC-Insured Programs) or other money market mutual funds not offered as a cash sweep option. Due to stressed market conditions (e.g., which causes the Federal Reserve Bank to purchase government securities from the market in order to lower interest rates and increase the money supply, also known as "quantitative easing"), money market funds may not pay investors any excess dividends or distributions. Under severe market stress, a money market fund may fail to preserve a net asset value of \$1.00 and/or may no longer be a viable business for the fund sponsor, which may force the sponsor to liquidate. As a result of any of these factors, it is possible to lose money in a money market fund.

## **Risk of Loss**

Investing in any type of security involves risk of loss that you should be prepared to bear. Cadaret Grant does not guarantee the performance of an account or any specific level of performance.

Market values of the securities in an account will fluctuate with market conditions. When an account is liquidated, it may be worth more or less than the amount invested.

All securities are subject to some level of risk which could cause the value of your securities to decrease in value, and in some cases, could result in a loss of your entire investment. The following are some types of risk that could affect the value of your portfolio:

- Market risk: The risk that changes in the overall market will have an adverse effect on individual securities, regardless of the issuer's circumstances.
- Business risk: Whether because of management or unfortunate circumstances, some businesses will inevitably fail. This is especially true during economic recessions. For example, a company stock can become worthless in the event of a bankruptcy, which would result in a loss of capital to the shareholders.
- Interest rate risk: If the Federal Reserve pushes interest rates higher, the market prices of bonds can be affected. When interest rates rise, the market price of bonds typically falls.
- Inflation risk: Inflation reduces the buying power of a dollar, and could cause uncertainty among individual investors, possibly resulting in corporations backing away from projects which could further reduce the value of corporate equities.
- Regulatory risk: Legislative, regulatory, and/or judicial changes that impact businesses can drastically change entire industries.
- Industry/company risk: These risks are associated with a particular industry or a specific company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, which is a lengthy process before they can generate a profit. They carry a higher risk of fluctuations in profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity risk: Certain investments lack liquidity or the ability to access their principal quickly, without incurring substantial penalties, or the inability to sell the investment until sometime in the future.
- Opportunity risk: You or your IAR may choose a conservative product to invest in, which could cause you to miss out on market upswings which potentially could have increased the value of securities with higher risk. The opposite is also true; market downturns can cause you to lose a significant amount of principal invested in higher risk securities when their funds could have been invested in lower risk securities.
- Reinvestment risk: There is a possibility that you will be unable to make additional purchases of a security already in your portfolio at the same rate at which the original purchase was made.
- Currency or exchange rate risk: Foreign securities face the uncertainty that the value of either the foreign currency or the domestic currency will increase or decrease; either of which will cause the value of your portfolio to fluctuate.
- Transactional cost risk: You could incur significant transactional charges in an unbundled, actively traded account. Frequent trading can decrease the value of your account due to increased brokerage and transaction costs. In addition, the frequent trading can cause taxable events to occur, which could increase your tax burden.

- Short sale risk: While a short position has unlimited capability to increase in value, it in turn increases your risk, as you can be required to purchase the security at a high rate or price in order to cover the short sale.
- Exchange-Traded Funds: ETFs face market trading risks, including the potential lack of an active market for fund shares, losses from trading in the secondary markets, and disruption in the creation and redemption process of the ETF. Any of these factors can lead to liquidity risk and/or the fund's shares trading at a premium or discount to its "net asset value."
- Leveraged equity ETFs: ETFs that offer leverage or that are designed to perform inversely to the index or benchmark they track—or both—are growing in number and popularity. While such products may be useful in some sophisticated trading strategies, they are highly complex financial instruments that are typically designed to achieve their stated objectives on a daily basis. Due to the effects of compounding, their performance over longer periods of time can differ significantly from their stated daily objective. Therefore, inverse and leveraged ETFs that are reset daily typically are unsuitable for clients who plan to hold them for longer than one trading session, particularly in volatile markets.
- Interval Funds: Interval funds provide limited liquidity to shareholders by offering to repurchase a limited number of shares on a periodic basis, but there is no guarantee that a client will be able to sell all their shares in any particular repurchase offer. The repurchase offer program may be suspended under certain circumstances.
- Structured Products: A structured product is an unsecured obligation of an issuer with a return, generally paid at maturity, that is linked to the performance of an underlying asset, such as a security, basket of securities, an index, a commodity, a debt issuance or a foreign currency. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. A structured product may contain a call feature that can result in the investment being redeemed earlier than the stated maturity date. If a structured product is called prior to maturity, the payment you receive will depend upon the stated terms of the investment. If a structured product is called, you may not be able to reinvest the proceeds in a similar investment with similar risk and return characteristics.
- Credit risk: The risk that an issuer of a fixed income security may fail to pay interest and/or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline. These risks are greater for securities that are rated below investment grade (junk bonds), which may be considered speculative and are more volatile than investment grade securities.
- Options: Holding options for long-term periods could weaken and/or reduce the value of the underlying stock or create the possibility of a worthless position.



- Global risk: International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Also, some overseas markets are not as politically and economically stable as the United States and other nations.
- Cybersecurity risk: Cadaret Grant relies on the use and operation of different computer hardware, software, and online systems and to varying degrees by investment program. The following risks are inherent in such programs and are enhanced for online systems: unauthorized access to or corruption, deletion, theft, or misuse of confidential data relating to Cadaret Grant and its clients; and compromises or failures of systems, networks, devices, or applications used by Cadaret Grant or its vendors to support its operations.

You should understand and be willing to accept these and other types of risks before choosing to invest in securities or receive investment advisory services.

## Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Cadaret Grant or the integrity of Cadaret Grant's management. Cadaret Grant is a broker/dealer in addition to its activities as a registered investment adviser. In connection with its broker/dealer business, Cadaret Grant has been the subject of certain regulatory actions, some of which Cadaret Grant has determined to be immaterial. Others are summarized below:

- On May 28, 2015, Cadaret Grant entered into an AWC with FINRA. FINRA found that, between January 2011 and December 2014, Cadaret Grant failed to establish and maintain a supervisory system reasonably designed to supervise variable annuity surrenders and exchanges recommended or processed by the firm's registered representatives in violation of NASD Rule 3010 and FINRA Rules 2020, 3110, and 4511. Cadaret Grant consented, without admitting or denying the findings, to a censure and fine of \$75,000, agreed to pay \$236,242 in restitution plus interest to certain clients, and agreed to conduct a review of the adequacy of its written supervisory procedures regarding non-exchange variable annuity surrenders. .
- On August 1, 2017, the SEC issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 15(B) of the Securities Exchange Act of 1934 and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (the "Advisers Act"), Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order as to Cadaret Grant. The Order alleges that (a) between 2011 and 2016, Cadaret Grant purchased, recommended, or held for advisory clients mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes of the same funds for which clients were eligible, (b) Cadaret Grant received 12b-1 fees in connection with the investments, and (c) Cadaret Grant failed to disclose in its Form ADV the conflicts of interest related to the receipt of 12b-1 fees and its selection of mutual fund share classes that pay such fees. During the same period Cadaret Grant received marketing support payments from two mutual fund complexes when the firm investment clients in mutual fund shares classes that charged 12b-1 fees and failed to disclose this conflict of interest to clients. During the same period, the firm failed to refund unearned prepaid advisory fees to clients who terminated their accounts. As a result, the firm violated Sections 206(2), 206(4), and 207



of the Advisers Act and Rule 206(4)-7. Cadaret Grant agreed, without admitting or denying the findings, to cease and desist from committing or causing any future violations of Sections 206(2) and 207 of the Advisers Act, to a censure, to pay a fine of \$280,000 and approximately \$2.76 million to compensate investors affected by its conduct, and to notify affected investors of the entry of the Order.

- On June 12, 2018, Cadaret Grant entered into a Consent Order with the Massachusetts Securities Division with respect to allegations that between 2010 and 2018 one of the firm's investment adviser representatives had a place of business and provided investment advisory services in Massachusetts when not registered in Massachusetts. Cadaret Grant, without admitting or denying the allegations, agreed to (a) cease and desist from violating the Massachusetts General Laws Chapter 100A, Section 201(C) and 201(D), (b) register its investment adviser representatives in Massachusetts prior to them offering services, (c) refund \$134,249 in fees charged to clients, and (d) pay a fine of \$75,000 and registration fees of \$400.
- On September 11, 2018, the SEC issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Section 15(b) of the Securities Exchange Act of 1934, and Sections 203(c), 203(f), and 203(k) of the Advisers Act, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order as to Cadaret Grant. The Order alleges that (a) between January 2015 and December 2016, certain Cadaret Grant registered representatives recommended that customer buy and hold a complex exchange traded note linked to a crude oil futures index with triple leverage, (b) the representatives did not do a reasonable investigation or have a reasonable basis for their recommendations, (c) the firm's supervisory personnel failed to (i) establish and implement a reasonable supervisory system for determining whether representatives had a reasonable basis for recommending that investors buy and hold non-traditional exchange traded products ("ETPs"), (ii) provide training to representatives concerning non-traditional ETPs, (iii) implement Cadaret Grant's specific policies and procedures pertaining to representatives' recommendations to brokerage customers involving non-traditional ETPs, and (iv) devote adequate resources to supervising representatives. Cadaret Grant also failed to adopt and implement policies and procedures designed to prevent unsuitable sales of non-traditional ETPs by IARs to investment advisory clients in light of their investment objectives and financial condition. Cadaret Grant agreed, without admitting or denying the findings, to cease and desist from committing or causing any future violations of Sections 206(4) and 206(4)-7 of the Advisers Act, to a censure, to pay disgorgement of \$12,296, prejudgment interest of \$898, and a civil penalty of \$500,000.
- On September 11, 2018, Cadaret Grant entered into an AWC with FINRA. FINRA found that, between August 2012 and May 2017, Cadaret Grant failed to establish and maintain a supervisory system reasonably designed to supervise numerous areas of its business as a result of its failure to devote sufficient resources to supervision of the firm's personnel. in violation of Section 17(a) of the Securities Exchange Act, SEC Rule 17a-4, NASD Rule 3010, and FINRA Rules 2020, 2330, 3110, and 4511. Cadaret Grant consented, without admitting or denying the findings, to a censure and fine of \$800,000, and to engage an independent consultant to conduct a review of its policies, systems and procedures, and training relating to variable annuity sales and exchanges, consolidated reports, and retention and review of electronic communications.

- On December 17, 2019, Cadaret Grant entered into a Consent Agreement and Order with the Pennsylvania Department of Banking and Securities with respect to allegations that between January 2015 and September 2019 the firm employed at least one unregistered investment adviser representative in violation of Section 301(c.1)(1)(ii) of the Pennsylvania Securities Act. Cadaret Grant, without admitting or denying the allegations, agreed to pay a fine of \$90,000.
- On July 1, 2020, Cadaret Grant entered into an AWC with FINRA. FINRA found that, between April 2014 and March 2017, Cadaret Grant failed to reasonably supervise a registered representative who conducted multiple undisclosed private securities transactions, which were part of a Ponzi scheme that the registered representative orchestrated that resulted in substantial losses to several clients and that the firm failed to take reasonable steps to investigate red flags that the registered representative was involved in private securities transactions in violation of NASD Rule 3010 and FINRA Rules 2020 and 3110. Cadaret Grant consented, without admitting or denying the findings, to a censure and fine of \$200,000.

Cadaret Grant, as a broker/dealer, is regulated by each of the 50 States and has been subject to orders related to the violation of certain state laws and regulations in connection with its brokerage activities. For more information about these state events and other disciplinary and legal events involving Cadaret Grant and our IARs, clients should refer to Investment Adviser Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA BrokerCheck® at <https://brokercheck.finra.org>.

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

Cadaret Grant is registered as a broker/dealer and as an investment adviser with the SEC. Cadaret Grant is a member of FINRA and the Securities Investor Protection Corporation ("SIPC"). Cadaret Grant is also affiliated with Cadaret Grant Agency, an insurance agency.

As an indirect wholly owned subsidiary of Atria, Cadaret Grant is affiliated with (1) NEXT Financial Group, a broker/dealer, SEC-registered investment adviser, and insurance agency; (2) NEXT Financial Insurance Services Company, an insurance agency; (3) CUSO Financial Services, LP, a broker/dealer and SEC-registered investment adviser; (4) CFS Insurance and Technology Services, LLC, an insurance agency; (5) Sorrento Pacific Financial, LLC, a broker/dealer, SEC registered investment adviser and insurance agency; (6) Western International Securities, Inc., a broker/dealer, SEC-registered investment adviser, and insurance agency; (7) SCF Securities, Inc., a broker/dealer; (8) SCF Investment Advisors, Inc., a SEC-registered investment adviser, and (9) SCK Marketing, Inc., an insurance agency.

## **Conflicts of Interest as a Broker/Dealer**

Cadaret Grant is dually registered as both a broker/dealer and as an investment adviser. Most of our IARs are registered with us as a registered representative, which allows them to perform brokerage services for you by executing specific security transactions. Each IAR is an independent contractor with Cadaret Grant. In their capacity as registered representatives, IARs offer securities and receive commissions as a result of such transactions. There is a conflict of interest when an IAR is able to choose between offering a client fee-based programs and services (as is typical of an advisory relationship) and/or commission-based products and services (as is

typical of a brokerage relationship). There is a difference in how Cadaret Grant and your IAR are compensated for advisory accounts and brokerage accounts or insurance products. While a client pays a fee to their IAR on an advisory account based on the value of account assets and not the number of transactions, in their capacities as registered representatives, an IAR can offer securities and receive a commission, markup, or markdown on each transaction. To mitigate this conflict, we review our client accounts and transactions to ensure that we have a reasonable basis to believe the recommended services and transactions are consistent with a client's stated goals, objectives, preferences, and needs.

Cadaret Grant's registration as a broker-dealer is material to our advisory business because advisory accounts are custodied with Pershing, where we act in our capacity as an introducing broker/dealer. This results in additional forms of compensation to Cadaret Grant which are discussed in this brochure. See Item 12 – Brokerage Practices – Pershing Clearing Relationship, and Item 14 – Client Referrals and Other Compensation – Indirect Compensation and Revenue Sharing.

Clients are under no obligation to purchase products or services recommended by an IAR or through an IAR or otherwise through Cadaret Grant or its affiliates. Clients are free to implement recommendations through any broker/dealer or advisory firm. If you request that an IAR recommend a broker/dealer, the IAR will recommend Cadaret Grant; however, you are under no obligation to effect transactions through us.

### **Conflicts of Interest with Independent Registered Investment Advisers**

In addition to or in lieu of their capacity as IARs of Cadaret Grant, certain IARs have their own independent registered investment adviser firms (an "Independent RIA"). An IAR of an Independent RIA can have three different but concurrent roles:

- As a registered representative with Cadaret Grant who receives commissions for recommending securities;
- As an IAR of Cadaret Grant who receives a fee for providing Advisory Services on behalf of Cadaret Grant; and
- As an IAR of an Independent RIA who offers advisory services outside of Cadaret Grant.

You should be aware that the receipt of additional compensation while acting in concurrent roles creates a conflict of interest and can impair the objectivity of these IARs when making recommendations.

If your IAR is associated with an Independent RIA, this will be disclosed on your IAR's Part 2B of Form ADV. Depending on the terms negotiated, your IAR can retain a higher percentage of the advisory fee for services provided through an Independent RIA than would be retained when services are provided through Cadaret Grant. You should ask your IAR if purchasing services through an Independent RIA would result in increased costs to you. You are not obligated to purchase recommended investment products from our IARs or their Independent RIAs.

### **Conflicts of Interest as an Insurance Agent and with Affiliated Insurance Agency**

Cadaret Grant is licensed as an insurance agent and is affiliated with Cadaret Grant Agency, Inc. ("CGA"), a licensed insurance agency. An IAR can be licensed as an insurance agent with Cadaret Grant, an insurance agent with CGA, or an independent insurance agent. When acting in the capacity of an insurance agent, IARs can sell annuities and insurance products to advisory clients and earn commissions for these transactions.

The fees paid to Cadaret Grant for advisory services are separate and distinct from the insurance commissions earned by Cadaret Grant, CGA, and/or their insurance agents. Clients are under no obligation to use Cadaret Grant, CGA, or the services of IARs when acting in their capacity as insurance agents for insurance products or services and can use the insurance agency and agent of their choice.

### **Third Party Investment Advisers**

We maintain relationships with third-party investment advisers (TPIAs) that we or your IAR may recommend. Third-party investment advisers must be approved by us before their programs are available to our clients. Approval is based on several criteria, including investment strategy, investment performance, transaction reporting activities, and wholesaling support. The third-party investment advisers whose programs are available to our clients are given the opportunity to participate in our Partners Program. In exchange for certain benefits, such as the opportunity to participate in our national conferences and broader access to our IARs via participation in conference calls and receipt of contact lists, the third-party in the Partners Program shares a portion of the revenue generated by distributing their products and services with us and/or pay a specified dollar amount. Not all third-party investment advisers approved by us participate in the Partners Program. Further, our IARs do not receive any compensation through the Partners Program, and as such do not have a direct financial incentive to select one third-party investment adviser over another.

Cadaret Grant and IARs also may recommend and select other investment advisers for clients and receive compensation from those advisors through Cadaret Grant's TPIA Program. This creates a conflict of interest because IARs have an incentive to recommend these programs based on the compensation received, rather than on a client's needs. For additional information, please refer to the *Third Party Investment Adviser (TPIA) Programs* sub-section under Item 4 - *Investment Advisory Business* and *Indirect Compensation and Revenue Sharing* sub-section under Item 14 - *Client Referrals and Other Compensation*.

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

Cadaret Grant has adopted a Code of Ethics and Personal Securities Trading Policy to comply with SEC Rule 204A-1. The following is a summary of the main components of this policy:

- Requirement that employees comply with all state and federal securities laws and regulations.
- Adoption of standards of conduct that emphasizes putting the client's interest first and avoiding any conflicts of interest.
- Protection of the client's personal non-public confidential information.
- Prohibition against the use of material non-public information (insider trading).

- Reporting of personal securities transactions for all “access persons.”
- Requirement to report any violation of the policy to senior management.
- Imposition of sanctions for violations of the policy.

A copy of our Code of Ethics can be obtained by writing or calling Cadaret Grant's Advisory Services Department, at 100 Madison Street, Suite 1300, Syracuse, NY 13202 or toll free at 800.288.8601.

Cadaret Grant is aware of the risks of a conflict of interest when IARs trade securities in their own accounts that they also recommend to clients or trade on behalf of clients. Conflicts arise when IARs have the ability to take advantage of investment opportunities that could have been made for clients or when they use their knowledge of pending client transactions to front-run such transactions. To address these risks, Cadaret Grant's Code of Ethics includes reporting requirements that allow Cadaret Grant access to review and monitor IARs personal trading activity. IARs must also refrain from executing a personal trade of the same general security as that of an advisory client, either for themselves or for a member of their household, on the same day as that of an advisory client's trade unless the client receives the better price or both trades are completed as a block trade and average pricing is applied (excluding open-end mutual funds and general obligations of the United States). Transactions that are deemed inconsistent with this policy are subject to cancellation or correction at the IAR's expense.

## **Item 12 - Brokerage Practices**

When you select a Cadaret Grant advisory program, the broker/dealer responsible for execution of trades varies. There are three possible scenarios: (1) Cadaret Grant may require the use of specific broker/dealers, as is the case in Contour, TIMS, and TIMS II; (2) TPIAs may select the broker/dealer in a TPIA program; or (3) a client may have the option to select a broker/dealer.

Cadaret Grant is registered as a broker/dealer with the SEC and provides various services as an introducing broker/dealer for which it is compensated by a commission or ticket charge. Cadaret Grant does not provide services as a broker/dealer in connection with its non-discretionary advisory program for retirement plan participants. Cadaret Grant has no brokerage soft dollar arrangements and receives no benefits or research in exchange for executions.

Cadaret Grant's IARs can recommend to their advisory clients that they use Cadaret Grant broker/dealer services, in which case services are offered at the same cost as to brokerage customers. However, if an Advisory Service client maintains a brokerage account with Cadaret Grant, in its capacity as a broker/dealer, they can incur higher transaction costs in the form of commissions or ticket charges than if their accounts were held elsewhere. Cadaret Grant can enter into solicitation agreements with other registered investment advisers that offer one or more services to Cadaret Grant clients and Cadaret Grant is compensated directly by the investment advisers to whom it introduces clients. In some instances, Cadaret Grant, in its capacity as a broker/dealer, receives compensation in the form of commissions should an investment adviser to whom Cadaret Grant has introduced clients place transactions through Cadaret Grant.

Except as disclosed in any wrap fee program, the brokerage commissions and/or transaction fees charged by Cadaret Grant, Pershing, and Schwab, or any other designated broker/dealer are exclusive of (and in addition to) Cadaret Grant's advisory fee.

In the TIMS, TIMS II, and Contour programs, you authorize us to direct all transactions through a designated broker/dealer. You cannot request that your orders be executed through another

broker/dealer. When directing execution of all transactions through a particular broker/dealer, there is no assurance that most favorable execution will be obtained, which could cost you more money. Not all advisers require clients to direct transaction executions to specified broker/dealers, as we do. We periodically review the execution quality of available broker/dealers to confirm that the quality we receive is comparable to what could be obtained through other qualified broker/dealers.

For accounts custodied at Pershing, Cadaret Grant relies in part on Pershing's review of execution quality, the details of which are made available to us for our review. In addition, to assist in evaluating the quality of Pershing's equity executions, we engage the services of a third-party consultant who monitors Pershing's equity executions for quality and helps us identify transactions that are eligible for price improvement.

In Contour, SMA Managers, Sub-Managers, or Envestnet, as overlay manager, can elect to execute trades at broker/dealers other than Pershing for some or all of their transactions or investment styles. This is frequently referred to as "trading away" or "step out trades". Clients who select such managers will be subject to any transaction charges or other charges, including commissions, mark-ups, mark-downs, or other additional trading costs that are imposed by the executing broker/dealer in addition to the total fee and the other fees described in the applicable wrap fee brochure. The Form ADV Part 2A for the applicable SMA Managers or Sub-Managers or Envestnet should be consulted for additional information.

Certain Contour accounts are managed based on model portfolio strategies. One or more clients can have the same model portfolio, based on their investment objective and risk profile. We typically aggregate orders into block trades when models are rebalanced or if one or more securities are added or removed from a model. Transactions can, however, be executed independent of transactions for other clients. An IAR must reasonably believe that a block order is consistent with Cadaret Grant's duty to seek best execution and will benefit each client participating in the aggregated order.

In connection with the Fidelity Investments Retirement Investment Advisory Program for retirement plan participants, clients must use National Financial Services LLC ("NFS") to maintain custody of their assets and to effect trades for their accounts. Cadaret Grant does not act as introducing broker or broker of record in connection with accounts custodied at NFS. Instead, Fidelity Brokerage Services LLC ("FBS") acts as introducing broker and broker of record on trades submitted by clients in this program.

Cadaret Grant is not affiliated with Schwab, Pershing, or NFS. The commissions and/or transaction fees charged by Cadaret Grant, Pershing, Schwab, and NFS can be higher or lower than those charged by other broker/dealers. The commissions paid by Cadaret Grant's clients comply with Cadaret Grant's duty to obtain "best execution." However, a client can pay a commission that is higher than another qualified broker/dealer might charge to effect the same transaction where Cadaret Grant determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealer's services, including the broker's expertise, the price at which the trade executed relative to other trades in the security, the value of research provided, execution capability, commission rates, and the broker's integrity and responsiveness. Consistent with the foregoing, while Cadaret Grant and/or our IARs seek competitive rates, you should not expect that we will necessarily obtain the lowest possible commission rates for client transactions. Also, and as noted above, we periodically review the execution quality of available broker/dealers to confirm that the quality we receive is comparable to what could be obtained through other qualified broker/dealers.



Schwab and Pershing provide Cadaret Grant and our IARs with access to institutional trading, portfolio management, brokerage and custodial services, research, and access to mutual funds and other investments that are otherwise generally available only for institutional investors or would require a higher minimum initial investment.

Schwab and Pershing do not charge a separate fee for custody of Cadaret Grant's client accounts that they maintain but are compensated by the account holders through commissions or other transaction-related fees for security trades that are executed through them or settle into their accounts and for various account fees.

Cadaret Grant receives other products and services from Schwab and Pershing that benefits Cadaret Grant, but not client accounts. Some of these other products and services assist Cadaret Grant in managing and administering client accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), facilitate payment of Cadaret Grant's fees from its client's accounts, and assist with back office functions, record keeping and client reporting. These services can be used to service all or a substantial number of client accounts, including accounts not maintained at Pershing or Schwab.

Cadaret Grant also receives services from Schwab and Pershing that are intended to help Cadaret Grant manage and further develop its business. These services include information technology, regulatory compliance, and marketing. In addition, Schwab and Pershing make available, arrange and/or pay for these types of services furnished to Cadaret Grant by independent third parties. Schwab and Pershing can discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of the third party providing the services to Cadaret Grant.

Cadaret Grant's or our IARs can make recommendations that clients maintain their assets in accounts at Schwab, Pershing, NFS, or another qualified custodian. These recommendations can be based in part on the benefits to a client, such as the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by the custodian, which creates a conflict of interest.

Clients of Cadaret Grant should be aware that if they direct Cadaret Grant or our IARs to use a particular broker, it can limit Cadaret Grant's or our IARs' ability to achieve best execution, negotiate commissions with other brokers on behalf of the client, or limit the client's participation in block trading.

In connection with the provision of TPIA programs, your choice of custodian will be limited to those choices offered by the TPIA program sponsor.

### **Pershing Clearing Relationship**

Pershing is the clearing firm for Cadaret Grant's brokerage business and is a custodian for its accounts. Pershing offers their broker-dealer clients substantial financial strength and stability, economies of scale, and reliable, state-of-the-art technology. As part of this business relationship, Cadaret Grant pays Pershing various execution and clearing charges and fees in connection with Pershing maintaining custody and effecting the purchase and sale of securities for Cadaret Grant's clients. Pershing's execution and clearing charges are included in the commissions and transaction charges or fees that Cadaret Grant charges its clients. Pershing pays Cadaret Grant the portion of commissions and transactions fees that exceed its execution and clearing charges. Cadaret Grant

does not share any of this revenue received from Pershing for investment advisory accounts with our IARs.

Pershing charges Cadaret Grant for certain account services for accounts custodied with Pershing (including advisory accounts), including clearing and executing transactions, outgoing transfers, wired funds, direct registration of securities, paper statements and confirms, margin extensions, ticket charges, and IRA custodial maintenance and termination. Cadaret Grant sets its own price for its services, which are designed to cover its costs of doing business (including overhead and other costs) as well as provide for a profit to Cadaret Grant. Cadaret Grant charges clients more for certain services than it pays Pershing, which is sometimes called a “markup,” and the markups vary by product and the type of service and can be substantial. Cadaret Grant keeps the difference between the fees and charges our clients pay and the amount paid to Pershing to cover the costs associated with processing transactions and providing other services.

The economic arrangements between Cadaret Grant and Pershing (including the fees charged by Pershing) can be renegotiated and change from time to time, including in circumstances where Cadaret Grant realizes net savings or increased profits from the changed arrangements and Cadaret Grant does pass on any net savings or increased profits in the form of reduced fees and charges to clients. This practice creates a conflict of interest for us since we have a financial incentive to recommend Pershing since we receive substantial compensation for the services we provide. IARs do not receive a portion of these fees.

Our clearing relationship with Pershing provides us with certain economic benefits and compensation by using ourselves as the broker/dealer for our advisory programs that would not be received if we used an unaffiliated, third-party broker-dealer for our advisory programs. For example, as described in Item 5, we add a markup to the transaction costs in the TIMS and TIMS II programs and certain other brokerage-related account charges and fees that are assessed to all client accounts at Pershing. The charges and fees that are marked up are set forth in our Account Fee Schedule on our website under Disclosures ([cadaretgrant.com/disclosures/](http://cadaretgrant.com/disclosures/)). The additional compensation we receive creates a significant conflict of interest with our clients because we have a substantial economic incentive to use Pershing as the clearing firm for trade execution and custody over other firms that do not share compensation with us. The revenue and compensation we receive from Pershing is related to both advisory and brokerage accounts custodied on the Pershing platform. Our IARs do not receive any portion of this compensation.

For assets in the Contour program, Cadaret Grant pays a recurring fee to Pershing based on a percentage of the aggregate assets invested by advisory clients, excluding certain investments, such as alternative investments. When the assets in the Contour program custodied at Pershing increase, the fee we pay decreases. This creates a conflict of interest for Cadaret Grant as we have an incentive to recommend advisory clients use Pershing as a custodian over other custodians and to recommend that you increase the amount you have invested in your Contour account.

As a facet of the brokerage services that Pershing provides for accounts where we are the introducing broker/dealer, Pershing automatically moves (sweeps) any uninvested cash in your account into an interest-bearing bank deposit account that is generally insured by the Federal Deposit Insurance Corporation (“FDIC”) or a taxable or tax-exempt money market mutual fund unless you specifically elect out of all sweep options.

Pershing receives remuneration (referred to as “distribution assistance”) paid out of the total operating expenses of most money market mutual funds and bank deposit products that Pershing makes available to Cadaret Grant client’s, some of which include 12b-1 fees and fees for providing



access to its platform from money market fund and bank deposit sweep product providers or distributors. Pershing retains some of the distribution assistance or shareholder servicing fees paid on the money market funds and bank deposit accounts and pays a portion to Cadaret Grant. These payments can be substantial, and vary based on the bank deposit account or money market fund in which your account assets are placed or invested but are equal to a percentage of the average daily deposit balance. Cadaret Grant does not determine the interest rates paid on bank deposit accounts or distribution assistance or shareholder servicing fees paid on money market funds, or the amount or percentage of distribution payments that we receive. This compensation is retained by Cadaret Grant and is not shared with IARs. For additional information, please see the applicable disclosure booklet or money market mutual fund prospectus available from your IAR..

Our receipt of distribution assistance payments from Pershing creates a conflict of interest because we have an incentive to make available money market funds and FDIC insured bank deposit accounts that pay higher distribution assistance payments to us over those making lower distribution payments and to allocate or recommend an allocation of client assets to cash for investment in the sweep vehicles. We mitigate this conflict through disclosure in this Brochure, and by not requiring or incentivizing IARs to recommend accounts custodied at Pershing or any given sweep arrangement and by not sharing distribution assistance payments with IARs.

Pershing also pays fees to Cadaret Grant, or shares fees it earns with Cadaret Grant for the following items:

- For brokerage accounts in custody with Pershing, a portion of the revenue Pershing receives from uninvested customer cash balances in brokerage accounts automatically moved (swept) into certain money market funds and FDIC insured bank deposit products of up to 0.60% of the value of cash balances. These payments vary based on the bank deposit account or money market fund a client selects;
- Assistance related to transitioning accounts of new financial professionals to Pershing in the form of reimbursement of (a) IRA termination fees of up to \$165 per account for a retirement account transferred to Pershing and up to \$125 per retail account for retail accounts transferred to Pershing, (b) a payment on the value of the assets transitioned, or (c) some combination of fee reimbursements and a payment on the value of assets transitioned;
- A growth assistance credit for seven years to support, service, and grow brokerage assets on the Pershing platform;
- A portion of certain brokerage account services and custodial fees charged to customer accounts that exceeds the amount that Cadaret Grant is required to pay Pershing for such services, including clearing and execution costs, account transfer fees, IRA custodial and termination fees, paper confirm and statement fees, inactive (custodial) account fees, retirement account maintenance fees, and margin interest;
- A portion of shareholder servicing fees from certain mutual fund sponsors as part of their FundVest Focus® NTF (No Transaction Fee) program. We also receive other fees in connection with the FundVest FOCUS NTF program, as described below; and
- A rebate of a portion of clearing charges paid for equity and ETF transactions if the volume of transactions exceeds a certain number each month.

If Cadaret Grant or Pershing terminate their clearing agreement, Cadaret Grant is subject to a termination fee of \$1,500,000 until June 1, 2022, and \$1,000,000 thereafter. In addition, if the clearing agreement terminates or more than 30% of Cadaret Grant's client assets move to a custodial platform outside of Pershing prior to June 1, 2026, Cadaret Grant must repay the transition assistance and growth assistance payments received in the year the agreement terminates. Pershing may request a review and renegotiation of its charges if the revenue that Pershing receives from Cadaret Grant declines by ten percent or more in any six-month period.

### **FundVest Focus® No Transaction Fee (NTF) Mutual Fund Program**

In the FundVest Focus® NTF program, Cadaret Grant is eligible to receive through a contractual agreement, 100% of Rule 12b-1 fees, and for participating funds that do not pay Rule 12b-1 fees, up to 57.5% of FundVest service fees for FundVest assets over a threshold amount that are held in the aggregate in clients' brokerage and advisory accounts. We credit all Rule 12b-1 fees we receive to clients' advisory accounts. Our receipt of a portion of the FundVest funds' service fees creates a conflict of interest because we have an incentive to invest your assets or to recommend that you purchase or hold these mutual funds that pay fees to Cadaret Grant over other funds that do not pay these fees. To help mitigate this conflict Cadaret Grant does not share these fees with IARs and makes mutual funds available regardless of participation in this program.

Pershing receives shareholder servicing fees from certain mutual fund sponsors as part of their FundVest Focus® NTF (No Transaction Fee) program, shares a portion of these fees (which can be substantial) with Cadaret Grant, and does not charge Cadaret Grant a transaction fee for transactions in the FundVest program. Our receipt of a portion of the FundVest funds' service fees creates a conflict of interest because we have an incentive to invest your assets or to recommend that you purchase or hold these mutual funds that pay fees to Cadaret Grant over other funds that do not pay these fees. To mitigate this conflict, Cadaret Grant does not share these fees with our IARs and makes mutual funds available regardless of participation in this program.

Most FundVest funds have higher internal expenses than funds that are not in the FundVest program, and the share classes of funds in the program have higher internal expenses than share classes not in the program. The higher internal expenses will reduce the long-term performance of an account when compared to an account that holds lower-cost share classes of the same fund. Clients should ask whether lower-cost mutual funds are available and/or appropriate for their account considering their expected investment holding periods, amounts invested, and anticipated trading frequency. FundVest funds held less than six months are also subject to a short-term redemption fee of \$50 which will be charged to your account. Further information regarding mutual fund fees is available in the applicable mutual fund prospectus. For a list of funds participating in the FundVest program, please contact us using the contact information provided on the cover of this Brochure, or your IAR. Pershing, in its sole discretion, may add or remove mutual funds from the FundVest program or may terminate the FundVest program without prior notice.

Our receipt of payments from Pershing and the terms of our clearing arrangements, create a conflict of interest because Cadaret Grant has an incentive to maintain its relationship with Pershing and recommend clients open advisory accounts at Pershing. We mitigate this conflict through disclosure in this Brochure, and by not requiring or incenting IARs to recommend accounts custodied at Pershing and by not sharing the foregoing payments with IARs.

### **Cash Sweep Options**

Cadaret Grant provides clients with access to different cash sweep vehicles including Federal

Deposit Insurance Corporation (“FDIC”) insured bank deposit products and money market funds that are used to automatically invest cash balances awaiting investment or reinvestment in accounts custodied with Pershing, which create financial benefits for the firm as described below.

Generally, sweep account investment vehicles generate lower yields than cash alternatives available outside of the sweep program. Cash sweep options should not be viewed as an investment option nor as a long-term holding. If you wish to maintain a cash position in your account for something other than a short-term position awaiting investment and/or seek the highest yields currently available in the market for your cash balances, then you should contact your IAR about your options outside the sweep program. We select the cash sweep options that are available for client accounts from FDIC insured bank deposit products and money market funds offered by Pershing. It is important to discuss your options for investing cash with your IAR as they can help determine the right option for you. You should refer to the prospectus (or other disclosure document) for the sweep vehicle that your assets will be swept into. This document is available from us upon request.

The Dreyfus Insured Deposits Program – Tiered Rates (“DIDP”) is the default option for cash contributed to non-entity (individual) accounts and The Dreyfus Insured Deposits Program – Single Rate (“DIDI”) is the default option for cash contributed to entity accounts. Under both the DIDP and DIDI programs a client’s available cash balance awaiting investment or reinvestment in eligible accounts is automatically deposited (swept) into interest bearing deposit accounts offered through one or more participating program banks (“Program Banks”). Deposits at an individual Program Bank are covered by FDIC insurance up to a maximum of \$250,000 (\$500,000 for a joint account) and an aggregate total across all Program Banks of up to \$2,500,000, subject to bank availability. For purposes of calculating the available FDIC coverage at each Program Bank, cash deposited at a Program Bank is aggregated with all other deposits held by you outside of the FDIC-insured programs in the same insurable capacity at that Program Bank. Under certain economic conditions or for other reasons, it is possible for Program Banks to limit or reduce the amount of deposits they will accept through the DIDP program. If Program Banks cannot accept all the cash balances in your account due to such capacity constraints, then any excess funds will be automatically swept into shares of a money market fund that Pershing makes available, which are currently the Dreyfus Government Cash Management Investor Shares for the DIDP program and Dreyfus Government Cash Management Investor Shares for the DIDI program. If the money market fund is not accepting excess funds, then any excess funds will be maintained in your account as a free credit balance, which will not accrue interest. The overall amount of available FDIC insurance protection varies depending upon the number of Program Banks accepting deposits through the DIDP or DIDI program at any time. If most or all the Program Banks have insufficient capacity to accept funds (or further funds), then the aggregate amount of FDIC insurance coverage available to you could be significantly reduced.

It is your responsibility to monitor any deposits that you have at each Program Bank including deposits outside of the DIDP or DIDI program so that you do not exceed the applicable limits on FDIC insurance coverage as described above. Funds deposited through the DIDP program are not eligible for SIPC protection. The amounts on deposit with each Program Bank are listed on your monthly custodial account statements.

The interest rates that are offered to clients in the DIDP program are tiered and vary depending on the total of a client’s assets in all accounts in the program. The deposit account balances of clients with account values in the higher tiers receive higher interest rates than the account balances of clients with account values in the lower tiers.

A single interest rate is paid on accounts in the DIDI program, which does not change based on

the size of an account.

For its role in offering the DIDP program, Cadaret Grant earns compensation in the form of a payment of a portion of the net interest paid by each Program Bank based on the amount of money on deposit at all Program Banks and the applicable interest rate paid at that time by each Program Bank. The amount paid to Cadaret Grant varies based on current interest rates. Cadaret Grant determines the portion of the net interest rate it retains and the portion it pays to clients. Our ability to adjust the yield creates a conflict of interest for us since the lower the portion of the yield paid to clients, the more we earn.

Cadaret Grant does not retain any portion of the interest paid in the DIDI program, but receives a distribution assistance payment from Pershing on assets held in accounts in the DIDI program. Depository institutions that participate in the DIDI program pay a deposit fee to Pershing, which it shares with Cadaret Grant based on the total program balances of Cadaret Grant customers. The retained deposit fee is retained by Cadaret Grant and not shared with IARs.

In a low interest rate environment, the application of an advisory fee to funds invested in a bank sweep program could exceed the return on the sweep vehicle resulting in a negative net yield to you. You should consider this scenario and the compensation we receive when evaluating how much of your assets you retain in cash. The interest rate you earn on a bank deposit sweep program is generally lower than interest rates available to depositors in interest-bearing accounts held directly at a bank or other FDIC-insured depository institution.

Program Banks do not have a duty to offer the highest rates of return available or comparable to those offered in money market funds.

As an alternative to the DIDP or DIDI program, after account opening, clients may designate as the cash sweep option for their account a different bank deposit program or a money market mutual fund from the bank deposit programs and money market mutual funds that Pershing offers and Cadaret Grant makes available to clients. A client may also choose no sweep option, with the cash held in their account earning no interest. Cadaret Grant receives distribution assistance from Pershing in the form of annual compensation of up to 0.60% for assets held in certain bank deposit programs and money market mutual funds. Because we receive and retain these amounts, we have an incentive to recommend as the sweep option bank deposit programs and money market funds where we are paid distribution assistance rather than those that make no or lower payments. We do not share distribution assistance payments with our IARs and we do not provide any incentive for our IARs to select Pershing as custodian for accounts.

The compensation Cadaret Grant receives from the insured bank deposit products and money market funds constitutes a source of revenue for Cadaret Grant. This compensation presents a conflict of interest to Cadaret Grant because Cadaret Grant receives a greater financial benefit when accounts are custodied with Pershing and cash is swept into the DIDP program or a bank deposit program or money market fund where we receive distribution assistance than it otherwise would if your cash balance was held in a bank deposit program or money market fund that does not pay distribution assistance to us or held away from Cadaret Grant. The compensation received by the firm is paid either out of the interest earned on the insured bank deposit sweep account or by Pershing out of remuneration (referred to as "distribution assistance") it is paid out of the total operating expenses of money market mutual funds or insured bank deposit product, which means it reduces the yield or return available to clients. This compensation is retained by Cadaret Grant and is not shared with your IAR, so your IAR does not have an additional financial incentive that is tied to the compensation from the cash sweep program to recommend that cash be held in the DIDP or DIDI program or an alternate bank deposit program or money market fund

rather than investing in securities. Unless otherwise agreed, the asset-based fee charged in your advisory account includes cash held in the cash sweep program.

An investment in a money market mutual fund, unlike an insured bank deposit product, is not insured or guaranteed by the FDIC or any other governmental agency, and it is possible to lose money by investing in a money market mutual fund. Money market mutual funds and uninvested cash held by Cadaret Grant as a “free credit balance” in all client accounts are covered by the Securities Investor Protection Corporation (SIPC), a non-profit, non-government, membership corporation, funded by member broker-dealers. SIPC’s coverage protects against the custodial risk (not a decline in market value) when a brokerage firm fails by replacing missing securities and cash up to a limit of \$500,000 of which \$250,000 may be in cash per customer in each separate capacity under SIPC rules. Pershing provides insurance coverage in excess of SIPC coverage limits through commercial insurers. A money market mutual fund generally seeks to achieve a competitive rate of return (less fees and expenses) consistent with its investment objective(s), as described in its prospectus.

For detailed information regarding the terms and conditions of the cash sweep options, see the Dreyfus Insured Deposit Program Disclosure Statement and Terms and Conditions for the Tiered Rate Program or Dreyfus Insured Deposit Program Disclosure Statement and Terms and Conditions for the Single Rate Program or the applicable money market mutual fund prospectus. Disclosures for the applicable sweep option are sent to you upon the initial purchase into a specific sweep product and can also be obtained from your IAR. Your IAR can provide a current list of available options.

## **Schwab Clearing Relationship**

Cadaret Grant may recommend that clients establish their TIMS advisory account with the Schwab Advisor Services division of Schwab, a registered broker-dealer, to maintain custody of clients’ assets and to effect trades for their accounts. The decision to custody assets with Schwab is at the discretion of our clients, including those accounts under ERISA or IRS rules and regulations, in which case a client is acting as either the plan sponsor or IRA accountholder. Cadaret Grant is not affiliated with Schwab.

Schwab provides Cadaret Grant with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor’s clients’ assets are maintained in accounts at Schwab Advisor Services. Schwab’s services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab generally does not charge separately for custody services for Cadaret Grant client accounts maintained at Schwab, but is compensated by account holders through commissions or other transactions-related or asset-based fees for securities trades that are executed through Schwab or that settle in Schwab accounts.

Schwab also makes available to Cadaret Grant other products and services that benefit Cadaret Grant but do not benefit our clients’ accounts. These benefits include national, regional, or Cadaret Grant specific educational events organized or sponsored by Schwab Advisor Services. Other benefits include occasional business entertainment of personnel of Cadaret Grant by Schwab

Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Cadaret Grant in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information, and other market data; facilitate payment of Cadaret Grant's fees from its clients' accounts; and assist with back-office training and support functions, recordkeeping, and client reporting. Many of these services may be used to service all or some substantial number of Cadaret Grant's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to Cadaret Grant other services intended to help Cadaret Grant manage and further develop its business enterprise. These services include professional compliance, legal, and business consulting, publications, and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, Schwab makes available, arranges, and/or pays vendors for these types of services rendered to Cadaret Grant by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Cadaret Grant.

While, as a fiduciary, Cadaret Grant endeavors to act in its clients' best interests, you should expect that Cadaret Grant's recommendation that clients maintain their assets in accounts at Schwab is based in part on the benefit to Cadaret Grant of the availability of some of the foregoing products and service and other arrangements and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest.

## Aggregation of Orders

Some IARs combine (but are not obligated to) or "batch" orders to seek best execution and to equitably allocate among their clients the difference in price that might have been obtained had orders been placed independently. Account allocations are determined prior to execution of any aggregate purchases or sales. Managed accounts participating in a block execution receive the same execution price (average share price) for the purchase or sale in a trading day. Any portion of an order that remains unfilled at the end of the day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, positions purchased in the aggregated transaction are allocated among the accounts participating in the trade in accordance with the allocation statement unless another allocation is deemed fair and equitable, such as random, alphabetical, or account number sequential order. If an order is partially filled, the position is allocated pro rata based on the allocation statement, unless another allocation is deemed fair and equitable.

Additionally, for Contour APM and TIMS accounts, IARs may combine orders for mutual funds and ETFs into block trades when more than one account is participating in the trade. An IAR may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) if all managed accounts receive fair and equitable treatment. When purchases and sales are not aggregated when the opportunity exists, the potential costs to clients are generally price related. For instance, some clients can receive worse prices than others based on the timing or size of their orders as compared to other clients. Generally larger orders and round lot orders (100 shares of stocks or 5 bonds) receive better execution than smaller orders.

## **Item 13 - Review of Accounts**

In order to fulfill its obligation to supervise IARs, Cadaret Grant has established written supervisory policies and procedures concerning IARs' management of client accounts. Cadaret Grant provides IARs with investment guidelines and restrictions and periodically reviews client trading, as described below to ensure compliance with Cadaret Grant's guidance and policies.

For clients receiving Advisory Services from Cadaret Grant, the IAR and/or Cadaret Grant generally conduct reviews of accounts, at a minimum, on an annual basis. Financial plans are generally reviewed based on the arrangement between the IAR and client. IARs who have entered into an ongoing planning arrangement with a client generally review plans either on an annual basis or as changes to the client's financial circumstances occur. Clients are informed that if their investment objectives or financial condition change during the course of their investment program they should notify their IAR or Cadaret Grant. This notification will trigger an account review. An IAR can introduce advisory clients to third party money managers or other investment advisory firms. These sponsors provide reporting, monitoring, and review services as described in their respective contracts with the client.

Within TIMS and TIMS II, Cadaret Grant provides IARs and their clients with quarterly reports detailing performance, activity in the account, and account holdings. Within this program, the custodian of the client's account will provide written confirmation of buy and sell activity, as well as a statement (at least quarterly) detailing all account activity and positions owned. At a minimum, all clients receiving investment supervisory services will receive a monthly and/or quarterly appraisal and an activity report provided by Cadaret Grant, the custodian, and/or other investment advisory firm. These reports do not include written commentary about the client's account.

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

As discussed below and elsewhere in this Brochure, Cadaret Grant receives compensation, which can be substantial, from various parties in connection with providing services to clients. In many instances, this compensation is in addition to any advisory fees clients pay, and is not passed on or credited to clients unless otherwise noted. When evaluating the reasonability of Cadaret Grant's fees, a client should not consider just the advisory fees Cadaret Grant charges, but also the other compensation Cadaret Grant receives.

As further described in Item 5 - *Fees and Compensation* and Item 12 - *Brokerage Practices*, Cadaret Grant receives compensation from Pershing in various forms, including: transition assistance, growth assistance credits, markups to transaction and account activity fees, margin interest, revenue from the Bank Sweep Deposit Program, credit interest, and volume discounts on trading costs based on the number of trades processed on the Pershing platform. We also receive economic benefits through our relationships with Schwab based on a level of assets placed on their platform.

### **Compensation of IARs**

Your IAR receives compensation from Cadaret Grant. Cadaret Grant compensates our IARs pursuant to an independent contractor agreement. This compensation includes a portion of the advisory fee you pay, which may be more or less than what your IAR would receive at another advisory firm. Such compensation includes other types of compensation, such as bonuses,



awards or other items of value offered by Cadaret Grant.

Cadaret Grant pays our IARs in different ways, for example:

- Reimbursement or credit of fees IARs pay to Cadaret Grant for technology services;
- Free or reduced-cost marketing materials;
- Recruitment compensation in connection with the transition or association from another broker/dealer or investment adviser to Cadaret Grant;
- Payments in the form of repayable or compensatory loans; and
- Attendance at Cadaret Grant conferences and events.

Cadaret Grant pays our IARs this compensation based on an IAR's overall business production, including the amount of assets on Cadaret Grant's advisory platforms

## **Transition Assistance**

Cadaret Grant provides IARs with financial assistance for transitioning from another firm to Cadaret Grant. The types of financial assistance Cadaret Grant offers include compensatory loans that do not have to be repaid if an IAR remains with Cadaret Grant for a specified time period, repayable loans, enhanced payouts, and discounts or waivers on transaction, platform, and account fees; technology fees; account transfer fees; licensing and insurance costs; and the costs of attending conferences and events.

The amount of transition assistance is typically based on a percentage of the IAR's business established at their prior firm, for example, a percentage of the revenue earned, or assets serviced at the prior firm, or on the size of the assets that transition to Cadaret Grant. The enhanced payouts, discounts, and other forms of financial benefits that an IAR receives from Cadaret Grant creates a conflict of interest in that they provide a financial incentive for an IAR to select Cadaret Grant as broker/dealer for your accounts over other broker/dealers from which they may not receive similar financial benefits or to use certain Cadaret Grant advisory programs over other programs and investment options available through Cadaret Grant.

Cadaret Grant and our IARs attempt to mitigate these conflicts of interest by assessing and recommending that clients use Cadaret Grant's services based on the benefits that such services provide to clients, rather than the transition assistance earned by any particular IAR. However, you should be aware of this conflict and take it into consideration in deciding whether to establish or maintain a relationship with Cadaret Grant and your IAR. Clients are urged to read and consider the contents of this Brochure carefully and to inquire about Cadaret Grant's or their IAR's various sources of compensation and conflicts of interest in making a fair and reasonable assessment of the fees and charges clients will pay for the services rendered by Cadaret Grant and their IAR. Further information about Cadaret Grant and your IAR's source of compensation and conflicts of interest is described in this Brochure.

## **Continuing Compensation**

Cadaret Grant makes available a program to provide continuing compensation to an IAR or an IAR's estate/heirs upon the IAR's retirement or death ("inactive IAR"). Continuing compensation includes recurring advisory fees and brokerage commissions received by Cadaret Grant attributable to accounts established by the inactive IAR during his or her association with the firm. To ensure continuity, an IAR names a qualified successor IAR to provide ongoing services to his

or her clients. The successor IAR shares an agreed percentage of the ongoing compensation with the inactive IAR or IAR's estate/heirs for up to five years. Program eligibility is based on minimum tenure and other qualification standards established by Cadaret Grant.

## **Indirect Compensation and Revenue Sharing**

Cadaret Grant receives compensation and/or fees (also referred to as revenue sharing or marketing support) from certain mutual fund families, insurance (fixed and variable product) providers, exchange traded funds (ETF), alternative investments (e.g., real estate investment trust (REITs), business development company (BDCs), etc.), UIT, and structured product sponsors, and unaffiliated investment advisers that sponsor, manage, or promote the sale of certain products that are available to our customers. These payments include commissions, trailing commissions, fees, and for certain product providers ("Partners"), revenue sharing payments made in connection with programs that support our marketing and sales force education and training efforts (referred to here as the "Partners Program").

Partners pay Cadaret Grant different amounts of revenue sharing and receive different levels of benefits for their payments, which is used to offset a variety of expenses, including marketing, training, educational presentations, and other support. These payments can be substantial and, as such, create a conflict of interest for Cadaret Grant because the payments constitute additional revenue to Cadaret Grant and can influence the selection of investments and services Cadaret Grant and/or our IARs offer or recommend to clients. Cadaret Grant seeks to mitigate this conflict of interest by not sharing revenue sharing payments with our IARs. An IAR's compensation is the same regardless of whether a sale involves a Partners Program product or service. In some cases, Partners pay additional marketing payments to Cadaret Grant to cover fees to attend conferences or reimburse expenses for workshops or seminars. The payments made under the Partners Program are based either on gross sales or assets under management, or on a flat fee arrangement, and vary by Partner.

The benefits Partners receive include IAR access and contact lists, business metrics, preferred placement on our website, participation in product training initiatives and marketing and sales campaigns, and the ability to participate in our conferences.

We use the revenue from our Partners Program to support certain marketing, training, and educational initiatives including our annual National Education Conference. The conference provides a venue to communicate new products and services to our financial professionals and IARs, offer training to them and their support staff, and keep them abreast of regulatory requirements. The revenue is also used to pay for annual awards (in the form of a trophy, medal, or plaque) for our financial professionals and IARs who generate the most revenue overall and to pay for our general marketing expenses. Revenue from the Partners Program helps to pay for the top producer conference costs. Top producing Cadaret Grant financial professionals and IARs receive an award based on total sales, including but not limited to sales of Partner's mutual funds and ETFs.

We prepare and make available to our IARs a quarterly list of Partners Program mutual funds and ETFs that have been screened for investment performance against other Partners Program funds with similar objectives and asset classes (the "Select Fund List" or "List"). Cadaret Grant and our IARs have a conflict of interest when an IAR chooses or recommends an investment from the Select Fund List for your portfolio because Cadaret Grant receives payments from the mutual fund or ETF sponsor. Our receipt of such payments can influence our selection of mutual funds and ETFs, as our IARs are likely to recommend a fund or ETF whose sponsor pays us revenue sharing fees over a fund or ETF whose sponsor does not pay us.

You do not pay more to purchase funds from the List through Cadaret Grant than you would pay to purchase these funds through another broker-dealer, and your IAR does not receive additional compensation for selecting a fund from the List. IARs are not required to choose or recommend investments from the Select Fund List.

Cadaret Grant also receives compensation from certain TPIAs to assist in paying for ongoing marketing and sales support activities, including educational meetings, due diligence reviews, and day-to-day marketing and/or promotional activities. Not all TPIAs pay such compensation and participating TPIAs change over time.

The compensation arrangements vary, and are generally structured as follows:

- A percentage of gross sales.
- A percentage of assets under management.
- A percentage of net cash flow.
- A flat fee, fixed payment.
- A combination of the above.

A conflict of interest exists where Cadaret Grant receives such compensation because there is an incentive to recommend these TPIAs over other investment advisers in order to generate additional revenue for the firm. However, our IARs are not required to recommend any TPIA providing additional compensation, nor do they directly share in any of this compensation.

To see Cadaret Grant's Third-Party Fee Disclosure, which identifies the participants in the Partners Program including TPIAs, please visit the Customer Disclosure section of our website at [cadaretgrant.com/disclosures/](http://cadaretgrant.com/disclosures/).

### Mutual Fund and ETF Partners

In addition to receiving sales commissions and other types of compensation, Cadaret Grant receives a flat fee, asset-based and/or sales-based compensation from mutual fund and ETF partners. Such payments vary by partner. In most instances, Cadaret Grant receives payments from certain mutual fund Partners of up to 0.20% annually on sales and up to 0.0032% on assets. A list of mutual fund sponsors that participate in Cadaret Grant's Partners Program is found at [cadaretgrant.com/disclosures/](http://cadaretgrant.com/disclosures/). This list is subject to change. Certain Partners only pay Marketing and Education Support.

### Variable Annuity, Fixed Annuity, and Indexed Annuity Participating Sponsors

In addition to receiving commissions, Cadaret Grant receives flat fee and/or sales-based compensation from certain variable annuity, fixed annuity, and indexed annuity providers. Cadaret Grant receives compensation on an annual basis of up to 0.25% on variable and up to 1.0% on fixed and indexed annuity sales. A list of variable, fixed, and indexed annuity partners can be found at [cadaretgrant.com/disclosures/](http://cadaretgrant.com/disclosures/). This list is subject to change.

### Fixed Income and Structured Products

Cadaret Grant receives commissions, sales credit, or a markup or markdown on the sales of bonds and retail structured products such as certificates of deposits, constant maturity swaps ("CMS"), and CMS-linked notes.

## Other Compensation

Some Cadaret Grant financial professionals and IARs receive additional compensation from product sponsors, however, such compensation is not 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 or marketing or advertising initiatives, including services for identifying prospects. Product sponsors sometimes also pay for or reimburse Cadaret Grant for the costs associated with education or training events that are attended by Cadaret Grant IARs and for Cadaret Grant-sponsored conferences and events. Cadaret Grant also receives reimbursement from product sponsors for technology-related costs associated with investment proposal tools they make available to our Cadaret Grant financial professionals and IARs for use with customers.

We receive up to \$5,000 per product sponsor annually from various mutual fund, ETF, and annuity investment sponsors in exchange for access to business intelligence and ad hoc reporting relating to our registered representatives and IARs.

## Solicitor Arrangements

If a client is introduced to Cadaret Grant by an unaffiliated solicitor, Cadaret Grant can pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940 and any corresponding state securities law requirements. Any such referral fee is paid solely from Cadaret Grant's advisory fee and will not result in any additional charge to the client. The solicitor, at the time of the solicitation, will disclose the nature of his or her solicitor relationship, and provide each prospective client with a copy of this Brochure, together with a written disclosure statement disclosing the terms of the solicitation arrangement between Cadaret Grant and the solicitor, including the compensation to be received by the solicitor from Cadaret Grant.

## Item 15 - Custody

Although advisory assets are held by qualified custodians, Cadaret Grant is deemed to have custody of client funds when clients authorize us to deduct our management fees directly from their accounts. Cadaret Grant is also deemed to have custody of a client's funds and/or securities when a client has on file a standing letter of authorization ("SLOA") with the account custodian to move money from a client's account to a third party and under the SLOA authorizes us to designate, based on your instructions from time to time, the amount or timing of the transfers. Cadaret Grant complies with the SEC's Custody Rule including engaging an independent public accountant to verify funds and securities of which it is deemed to have custody at least once a year.

For certain TIMS and Contour accounts and all TIMS II accounts, Cadaret Grant has an arrangement with Pershing to provide clearance and custody of accounts. Pershing: (a) maintains custody of all account assets, (b) executes and performs clearance of purchase and sale orders in accounts, and (c) performs all custodial functions customarily performed with respect to securities brokerage accounts, including but not limited to the crediting of interest and dividends on account assets. Pershing delivers client account statements as well as confirmation of each purchase and sale to you. For accounts custodied at Pershing, you can elect or contractually agree to receive transaction information in your monthly statement in lieu of transaction confirmations, except for APM accounts where confirmation suppression is not an option. Pershing acts as the general administrator of each account, which includes collecting account

fees on Cadaret Grant's behalf and processing, pursuant to Cadaret Grant's instructions, deposits to and withdrawals from the account. Pershing does not assist clients in selecting Cadaret Grant or any investment objective or in determining suitability. You retain ownership of all cash, securities and other instruments in the account.

For certain TIMS and Contour accounts, Cadaret Grant has an arrangement with Schwab to provide clearance and custody of accounts. Schwab: (a) maintains custody of all account assets, (b) executes and performs clearance of purchase and sale orders in accounts, and (c) performs all custodial functions customarily performed with respect to securities brokerage accounts, including but not limited to the crediting of interest and dividends on account assets. Schwab forwards client account statements as well as confirmation of each purchase and sale to you. For accounts custodied at Schwab, you can elect or contractually agree to receive transaction information in your monthly statement in lieu of transaction confirmations, except for APM accounts where confirmation suppression is not an option. Schwab acts as the general administrator of each account, which includes collecting account fees on Cadaret Grant's behalf and processing, pursuant to Cadaret Grant's instructions, deposits to and withdrawals from the account. Schwab does not assist clients in selecting Cadaret Grant or any investment objective or in determining suitability. You retain ownership of all cash, securities and other instruments in the account.

In connection with Retirement Plan Services, Cadaret Grant does not serve as a custodian for plan assets. The plan sponsor is responsible for selecting the custodian. We may be listed as the contact for the plan account held at an investment sponsor or custodian. The plan sponsor will complete account paperwork with the outside custodian that provides the custodian's name and address. The custodian for plan assets is responsible for providing the plan with periodic confirmations and statements. The plan sponsor should review the statements and reports received directly from the custodian or investment sponsor. NFS acts as the custodian for retirement plan participants in the Fidelity Retirement Investment Advisory Program to maintain custody of plan assets and to effect trades for their accounts.

At a minimum, all clients with an account receiving investment supervisory services will receive a monthly and/or quarterly statement from the qualified custodian (Pershing or Schwab for TIMS and Contour accounts, NFS for the Fidelity Investments Retirement Services Program), detailing activity in the account, and account holdings. Clients should carefully review those statements. Clients of Cadaret Grant's TIMS and TIMS II programs also receive quarterly reports directly from Cadaret Grant detailing performance, activity in the account, and account holdings. Clients are urged to compare the account statements they receive from the qualified custodian with the reports they receive from Cadaret Grant.

In some instances, clients participate in TPIA programs that are not sponsored by Cadaret Grant. In those situations, clearance and custody of securities is determined by the program sponsor. You should refer to the sponsor's Form ADV Part 2A for complete details regarding those programs.

## **Item 16 - Investment Discretion**

Your account is managed on a discretionary basis only with your written consent. Consent is granted and evidenced in the agreement signed when you become a client. We define discretion as: the ability to trade an account, without obtaining your prior consent, the securities and amount of securities to be bought or sold, and the timing of the purchase or sale. Neither Cadaret Grant

nor an IAR has the authority to withdraw or transfer funds or securities from your account. An IAR's discretion remains in effect until your client agreement is terminated.

IARs who use the TIMS II program can provide discretionary account management services. Discretion is granted to an IAR when the advisory client signs the TIMS II Client Agreement. Once discretion has been granted, the IAR manages the client's account and determines what securities to hold, sell, exchange, and invest, and otherwise deal with the account's assets in a manner the IAR determines to be for the client's best interest without obtaining the client's consent prior to each transaction.

IARs using the TIMS program implement trades on a discretionary basis except for general securities (stocks, bonds, and options), which are executed on a non-discretionary basis. An IAR will consult with a client before effecting general securities transactions.

Contour accounts are managed on a discretionary basis with discretion granted to: (a) the IAR in APM; (b) Envestnet in the FSP; (c) the SMA Manager or Envestnet in SMA; (d) Envestnet as Overlay Manager, Sub-Manager(s), and IARs for Other Investments and allocation to model providers in UMA. The Contour UMA program grants IARs limited investment discretion to construct custom portfolios comprised of Strategists, Sub-Managers, mutual funds, ETFs, and other general securities as permitted by Cadaret Grant.

## **Item 17 - Voting Client Securities**

Except as noted in the following sentence, clients retain the right to vote all proxies for securities held in the clients' Accounts. None of Cadaret Grant, IAR, or Envestnet will take any action nor give any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which your assets are invested.

In Contour, you authorize SMA Managers, sub-managers, or Envestnet, as applicable, in writing to exercise discretion in voting or otherwise acting on all matters for which a security holder vote, consent, election or similar action is solicited by, or with respect to, issuers of securities beneficially held as part of the Platform Assets in SMA or UMA accounts. You can revoke this authority by providing written instructions.

Unless you agree in writing to proxy delegation, all proxy materials will be sent directly to you. Any proxy materials inadvertently received by Cadaret Grant or our IARs will be forwarded to you for direct action and you retain the right to vote such proxies solicited for securities held in the investment advisory account.

## **Item 18 - Financial Condition**

Cadaret Grant is not required to include a balance sheet in this Brochure because we do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Cadaret Grant has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Cadaret Grant has never been the subject of a bankruptcy proceeding.