

# SCS

## Wrap Fee Program Brochure

*This brochure provides information about the qualifications and business practices of Bensler, LLC, doing business as SCS. If you have any questions about the contents of this brochure, please contact SCS at (425) 452-1222 or [compliance@northwestscs.com](mailto:compliance@northwestscs.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about SCS is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for our name SCS or our firm CRD number 310849.*

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

SCS  
10900 NE 8th Street, 15th Floor, Suite 1550  
Bellevue, WA 98004  
Phone: 425.452.1222  
[www.northwestscs.com](http://www.northwestscs.com)

Date of Brochure: September 20, 2022

## **Item 2: Material Changes**

We have made the following material changes to this Brochure from the last annual updating amendment filed on 03/03/2022.

- The firm has updated its primary office address (Cover page).

We encourage you to read the entire Brochure and to let us know if you have any questions.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current Brochure. We will also provide other ongoing disclosure information about material changes, as necessary.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

SCS (hereinafter “SCS”) provides portfolio management to clients under this wrap fee program as sponsor and portfolio manager. Wrap accounts are SWM II accounts managed by SCS on the platform of LPL Financial LLC (LPL) and represent the majority of our advisory accounts. The LPL platform permits SCS to pay transaction charges assessed by LPL on behalf of the client. LPL calculates the transaction fees that would otherwise have been added to the client’s trade, and charges SCS for them. The transaction charges paid by SCS vary based on the type of transaction (e.g., mutual fund, equity or ETF) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees and/or recordkeeping fees to LPL. SCS has a financial incentive to choose the mutual fund that has no transaction charge or a lower transaction charge. Similarly, the firm has a financial incentive to trade infrequently to avoid generating ticket charges. If the client were paying the charges directly, the cost would be a consideration but would not create a conflict of interest because SCS would not be financially affected by the charge. Clients should understand that the cost to SCS of transaction charges may be a factor that we consider in deciding which securities to select and how frequently to place transactions in a SWM II account. We mitigate the conflict by disclosing it and by ensuring that our investment recommendations are consistent with client needs and our fiduciary duty.

Our fee for investment advisory services is negotiable and is a maximum of 2.5% annually based on a percentage of assets under management. Our fees are withdrawn directly from the client’s accounts with client’s written authorization.

Fees are paid in advance. The advisory fee is calculated using the value of the assets on the last business day of the prior billing period. Refunds for any fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check or return deposit back into the client’s account. For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Clients may make additions to the Account or withdrawals from the Account. Additional assets deposited into the Account after it is opened will be charged a pro-rata fee based upon the number of days remaining in the then-current quarterly period. Additionally, partial withdrawals from the account will result in a pro-rated refund or credit of fees to the account. Fee adjustments for additional deposits to the account and partial withdrawals from the account will be calculated in arrears or in the next quarterly period billing cycle. Fee adjustments will be calculated based on the value at the time of the additional deposit or partial withdrawal. No fee adjustments will be made for Account appreciation or depreciation.

Clients may terminate the agreement without penalty, for full refund of SCS's fees, within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract upon written notice to SCS.

## **B. Contribution Cost Factors**

The wrap program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

## **C. Additional Fees**

SCS will wrap transaction fees for wrap fee portfolio management accounts. SCS will charge clients one fee and pay all transaction fees using the fee collected from the client. Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that SCS has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs.

Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, fees associated with "step out" transactions if the account uses different custodians or broker-dealers, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

## **D. Compensation of Client Participation**

Neither SCS, nor any representatives of SCS receive any additional compensation beyond advisory fees for the participation of client in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, SCS may have a financial incentive to recommend the wrap fee program to clients.

# **Item 5: Types of Clients**

SCS does not impose an account minimum for participation in its wrap program.

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

### **A. Selecting/Reviewing Portfolio Managers**

SCS will not select outside portfolio managers for management of this wrap fee program. SCS will be the sole portfolio manager for this wrap fee program.

SCS will use industry standards to calculate portfolio manager performance.

The asset custodian provides monthly statements to our clients that includes account values and performance.

### **B. Related Persons**

SCS and its personnel serve as the portfolio managers for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses SCS's management of the wrap fee program. However, SCS addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

### **C. Advisory Business**

Through this wrap program, SCS offers ongoing wrap fee portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. SCS creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- |                                 |                                |
|---------------------------------|--------------------------------|
| • Determine investment strategy | • Personal investment policy   |
| • Asset allocation              | • Asset selection              |
| • Assessment of risk tolerance  | • Regular portfolio monitoring |

SCS evaluates the current investments of each client with respect to their risk tolerance levels and time horizon.

#### ***Services Limited to Specific Types of Investments***

While we are not limited in the types of securities we advise, we generally use mutual funds, ETFs, individual equities, fixed income securities, and/or variable annuity subaccounts in creating client portfolios.

#### ***Client Tailored Services and Client Imposed Restrictions***

SCS offers the same suite of services to all of its clients. However, specific client investment

strategies and their implementation are dependent upon the client's current situation (income, tax levels, and risk tolerance levels). Clients are permitted to impose reasonable restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### ***Wrap Fee Programs***

As discussed herein, SCS sponsors and acts as portfolio manager for this wrap fee program. SCS manages the investments in the wrap fee program but does not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts. The fees paid to the wrap account program will be given to SCS as a management fee.

### ***Amounts Under Management***

SCS has the following assets under management:

Discretionary Amounts:	Date Calculated:
\$645,576,699	December 2021

### ***Performance-Based Fees and Side-By-Side Management***

SCS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Clients paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

### ***Methods of Analysis***

SCS uses the following methods of analysis in formulating investment advice:

**Charting** - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

**Cyclical** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle,

just before a turnaround begins.

**Fundamental** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Technical** - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

### ***Investment Strategies***

SCS uses the following investment strategies when managing client assets and/or providing investment advice:

**Long-term investing.** Investments held at least one year. A risk of long-term investing is that if clients do not have adequate liquidity outside the portfolio, they may need to liquidate at a time when the investment is experiencing a short-term decline and therefore realize losses that could have been recovered if the portfolio had been held as planned. Another risk is that a long-term bias could result in holding onto securities that do not, in fact, recover from intervening declines.

**Short-term investing.** Investments sold within one year. In addition to potentially greater tax consequences, short-term investing presents additional risks, including response to bubbles or “noise” trading. It may also lead to greater transaction costs.

**Asset Allocation** - The process of selecting a mix of asset classes and the efficient allocation of those assets based on historical data in an attempt to understand how the asset has performed and is likely to perform over long periods of time. The goal is not to “beat” the market, but to establish a long-term investment strategy using a core mix of assets. The primary risk of asset allocation is that the client may not participate,



or may not fully participate, in sharp increases in a particular security, industry or market sector. Another risk is that the proportions of different asset types will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

- **Tactical** - Allows for a range of percentages in each asset class (such as Stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. In theory, the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.
- **Strategic** - Calls for setting target allocations based on client objectives and risk tolerances and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach.
- **Dynamic** - Involves modifying an investor's target allocation due to changes in investor circumstances, which may lead to the modification of policies, objectives, and/or risk tolerances. Resulting changes are intended to maintain equilibrium between the investor's policies and objectives and the asset allocation process.

### **Use of Primary Method of Analysis or Strategy**

SCS's primary method of analysis or strategy is a combination of Tactical, Strategic, and Dynamic asset allocation. Some of the risks involved with using this method include the fact that the economic environment and investment alternatives today are substantially different from those of the past and our judgment may be incorrect. We believe that investors can no longer be myopic in their view of investments in so far as they restrict their analysis to domestic markets or investment vehicles.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will

predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk - When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk - When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk. Prices of fixed income instruments (e.g., bonds) can exhibit some volatility and change daily. Investments in fixed income instruments present numerous risks, including credit, interest rate, reinvestment and prepayment risk, all of which affect the price of the instruments. For instance, a rise in interest rates will generally cause the price of bonds to go down. If the security is held to maturity and the issuer does not default, the client should receive the face amount of the bond at the maturity date, as well as stated interest payments while the bond is held. In this case, the change in price prior to maturity may not affect the client. If the client needs to sell prior to maturity, however, the investor will likely experience a loss. Where a client's fixed income exposure is to bond funds or fixed-income ETFs, the fund or ETF does not itself "mature," although different issues held by the fund/ETF will mature and will experience price fluctuations. Investors are therefore highly dependent on the manager's ability to accurately anticipate the impact of rate changes and to appropriately manage the portfolio to achieve both adequate returns and reasonable risk. The US has experienced a prolonged period of historically low interest rates; future increases in rates could have a material negative impact on the value of current fixed income holdings. In addition, the value of fixed income instruments may decline in response to events affecting the issuer, its credit rating or any underlying assets backing the instruments.

- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs.
- Liquidity Risk – Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the ability to sell particular securities when necessary to meet cash needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult to obtain market quotation based on actual trades for the purpose of valuing the security. While we generally invest in liquid securities, overall market factors or investment-specific factors may cause a previously-liquid security to become illiquid.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment may underperform expectations, including a potential loss of value.

### ***Voting Client Securities (Proxy Voting)***

SCS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 7: Client Information Provided to Portfolio Managers**

All client information material to managing the portfolio (including basic information, risk tolerance, sophistication level, and income level) is provided to the portfolio manager. The portfolio manager will also have access to that information as it changes and is updated.

## **Item 8: Client Contact with Portfolio Managers**

SCS does not restrict clients from contacting portfolio managers. SCS's representatives can be contacted during regular business hours using the information on the Form ADV Part 2B cover page.

## **Item 9: Additional Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### *Criminal or Civil Actions*

There are no criminal or civil actions to report.

#### *Administrative Proceedings*

There are no administrative proceedings to report.

#### *Self-Regulatory Organization (SRO) Proceedings*

There are no self-regulatory organization proceedings to report.

#### *Registration as a Broker/Dealer or Broker/Dealer Representative*

SCS IARs are Dually Registered persons of LPL Financial ("LPL"), a registered Broker/Dealer, member FINRA and SIPC. LPL Financial is a broker-dealer that is independently owned and operated and is not affiliated with SCS. Please refer to Item 12 for a discussion of the benefits SCS may receive from LPL Financial and the conflicts of interest associated with receipt of such benefits.

Clients may maintain multiple accounts with a representative, some of which are subject to an investment advisory relationship through SCS, while other accounts of the same client may operate under a brokerage relationship through LPL. When acting in an investment advisory capacity the representative has a fiduciary duty to the client. When acting in a brokerage capacity, the representative must act in the client's best interest. SCS does not permit representatives to act as both advisory representative and brokerage representative for the same assets. Representatives must inform the client of the capacity in which they are acting. Clients are under no obligation to purchase or sell commissionable securities through their representative. However, if a client chooses to implement the recommendations through a brokerage account, or to implement insurance recommendations, commissions may be earned by registered representatives of LPL for brokerage transactions, or by licensed insurance agents for insurance purchases. Commissions may be higher or lower at LPL than at other broker/dealers.

Representatives have a conflict of interest in recommending whether clients select a brokerage account or an advisory account; because SCS is only an investment advisor, the firm cannot share in brokerage commissions and would always benefit from its representatives recommending an advisory relationship, rather than a brokerage relationship. For the representative, though, either relationship may provide more compensation depending on various factors. More information about the difference between brokerage and advisory services is provided in the SCS and LPL Form ADV Part 3 disclosure documents. In using LPL, representatives have a conflict of interest. By having clients purchase securities and/or insurance related products through LPL, the representative generates higher production with LPL and has greater potential for obtaining a higher pay-out on commissions earned. Further, IARs may be restricted to only offering those products and services that have been reviewed and approved for offering to the public through LPL. The amount of time spent by each representative offering securities products on a commission basis as a registered representative of LPL will vary. Some representatives may spend significantly more or less time offering commissionable products and services through LPL.

### ***Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor***

Neither SCS nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### ***Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

SCS advisory representatives may offer insurance products and services for which commissions will be paid. Clients are not required to accept the insurance recommendations made by their representative and are free to implement those recommendations through other licensed insurance producers not affiliated with SCS. SCS is a licensed insurance agency and its representatives are licensed insurance producers who are also appointed with various insurance companies. SCS and its representatives have a conflict of interest when recommending clients purchase insurance products since customary insurance commissions will be earned in addition to fees for advisory services. Clients are not obligated to purchase insurance products through SCS or its representatives.

### ***Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections***

SCS does not select third-party investment advisers.

## **B. Code of Ethics, Client Referrals, and Financial Information**

### *Code of Ethics*

SCS has a fiduciary duty to clients to act in the best interest of the client and always place the client's interests first and foremost. SCS takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as SCS's policies and procedures. Further, SCS strives to handle clients' non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides clients with SCS's Privacy Policy. As such, SCS maintains a Code of Ethics for its IARs, supervised persons and staff.

The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about client transactions. Further, SCS's Code of Ethics establishes SCS's expectation for business conduct.

SCS's Code of Ethics is distributed to each associate at the time of hire/contract, and, as the Code is modified. In addition, SCS requires an annual certification by all associates regarding their understanding and compliance with the Code of Ethics. SCS also supplements the Code with annual training and on-going monitoring of employee activity.

A copy of our Code of Ethics will be provided to any client or prospective client without charge upon request. You may contact our Chief Compliance Officer at (425) 452-1222 ext. 441.

### *Participation or Interest in Client Transactions*

Related persons of SCS (any advisory affiliate and any person that is under common control with SCS) may buy or sell securities identical to those securities recommended to clients. Therefore, related persons may have an interest or position in certain securities that are also recommended and bought or sold to clients. Related persons will not put their interests before a client's interest. Representatives may not trade ahead of their clients or trade in such a way to obtain a better price for themselves than for their clients. SCS is required to maintain a list of all securities holdings for its associated persons. Further, associated persons are prohibited from trading on non-public information or sharing such information. SCS and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

SCS has established the following restrictions in order to meet its fiduciary responsibilities:

- Representatives shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her affiliation with SCS, unless the information is also available to the investing public

upon a reasonable inquiry. No person shall prefer his or her own interest to that of the advisory client.

- All clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.
- SCS emphasizes the unrestricted right of the client to decline to implement any advice rendered, except in situations where third party advisory services are granted discretionary authority in the client's account.
- SCS requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Any individual not in compliance with the above are subject to disciplinary action.

**NOTE:**

This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of SCS's clients trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above.

Open-end mutual funds and/or the investment sub-accounts which may comprise a variable life insurance product are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds and/or variable insurance products by IARs are not likely to have an impact on the prices of the fund shares in which clients invest and are therefore not prohibited by the SCS's investment policies and procedures.

In accordance with Section 204A of the Investment Advisers Act of 1940, SCS also maintains and enforces written policies and procedures reasonably designed to prevent the misuse of non-public information by SCS or any person associated with SCS.

### ***Frequency and Nature of Periodic Reviews***

Accounts are reviewed at least quarterly by investment adviser representatives with regard to clients' respective investment policies and risk tolerance levels.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### ***Content and Frequency of Regular Reports Provided to Clients***

Each client will receive a quarterly account statement from the custodian.

## ***Economic Benefits Provided by Third Parties for Advice Rendered to Clients***

### **Transition Assistance Benefits**

LPL Financial provides various benefits and payments to Dually Registered Persons that are new to the LPL Financial platform to assist the representative with the costs (including foregone revenues during account transition) associated with transitioning his or her business to the LPL Financial platform (collectively referred to as “Transition Assistance”). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Dually Registered Person’s business, satisfying any outstanding debt owed to the Dually Registered Person’s prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the Dually Registered Person’s clients transitioning to LPL Financial’s custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the Dually Registered Person at his or her prior firm. Such payments are generally based on the size of the Dually Registered Person’s business established at the prior firm and/or assets under custody on the LPL Financial. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your representative receives.

Transition Assistance payments and other benefits are provided to associated persons of SCS in their capacity as registered representatives of LPL Financial. However, the receipt of Transition Assistance by such Dually Registered Persons creates conflicts of interest relating to SCS’s advisory business because it creates a financial incentive for SCS’s representatives to recommend that its clients maintain their accounts with LPL Financial. In certain instances, the receipt of such benefits is dependent on a Dually Registered Person maintaining its clients’ assets with LPL Financial and therefore SCS has an incentive to recommend that clients maintain their account with LPL Financial in order to generate such benefits.

SCS attempts to mitigate these conflicts of interest by evaluating and recommending that clients use LPL Financial’s services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular Dually Registered Person. SCS considers LPL Financial’s services provided, the quality of executions, research, commission rates, and overall brokerage relationship when recommending or requiring that clients maintain accounts with LPL Financial. However, clients should be aware of this conflict and take it into consideration in deciding whether to custody their assets in a brokerage account at LPL Financial.

### ***Compensation to Non – Advisory Personnel for Client Referrals***

SCS does not directly or indirectly compensate any person who is not advisory personnel for client referrals.



### ***Balance Sheet***

SCS neither requires nor solicits prepayment of more than \$1,200 more than six months in advance.

### ***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

SCS does not have any financial condition that would impair its ability to meet contractual commitments to clients.

### ***Bankruptcy Petitions in Previous Ten Years***

SCS has not been the subject of a bankruptcy petition.