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# INFINEX INVESTMENTS, INC.

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## **BROCHURE**

FORM ADV, PART 2A

August 14, 2023

This Brochure provides information about the qualifications and business practices of Infinex Investments, Inc. If you have any questions about the contents of this Brochure, please contact us by email at [compliance@infinexgroup.com](mailto:compliance@infinexgroup.com), or by telephone at (203) 599-6000, or by mail at the address above. 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.

Infinex Investments, Inc. is an investment adviser registered with the United States Securities and Exchange Commission. Registration with the SEC does not imply that Infinex Investments, Inc. or any person associated with Infinex Investments, Inc. has achieved a certain level of skill or training.

Additional information about Infinex Investments, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2: MATERIAL CHANGES

This section of our Brochure summarizes material changes that have occurred at our firm since the previous release of our Brochure. We will update this section of our Brochure on an annual basis and send a summary of any material changes at our firm along with a copy of our annual privacy policy mailing. You may receive a complete copy of our Brochure by contacting your Infinex Advisor or by contacting our firm at [compliance@infinexgroup.com](mailto:compliance@infinexgroup.com) or at (203) 599-6000 or by downloading it at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

Since our last annual updating amendment on March 31, 2023, we have made the following material amendments to this Brochure:

- Item 4 – Advisory Business: Disclosure has been added to reflect a corporate name change from Advisor Group Holdings, Inc. (“AGHI”) to Osaic Holdings, Inc (“OHI”).
- Item 10 – Additional Information: The corporate structure of Infinex Investments, Inc. (“Infinex”) has been updated to reflect the name change of Advisor Group, Inc. (“AGI”) to Osaic, Inc. (“Osaic”) and AGHI to OHI.
- Item 10 - Other Financial Industry Activities & Affiliations: Disclosure has been added regarding the entities now related to Infinex as a result of the name change of AGI to Osaic and AGHI to OHI.

## TABLE OF CONTENTS

Item 1:	COVER PAGE .....	1
Item 2:	MATERIAL CHANGES.....	2
Item 3:	TABLE OF CONTENTS .....	3
Item 4:	ADVISORY BUSINESS.....	4
Item 5:	FEES & COMPENSATION.....	6
Item 6:	PERFORMANCE COMPENSATION & SIDE-BY-SIDE MANAGEMENT.....	11
Item 7:	TYPES OF CLIENTS & ACCOUNT REQUIREMENTS .....	11
Item 8:	METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS.....	11
Item 9:	DISCIPLINARY INFORMATION.....	16
Item 10:	OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS .....	16
Item 11:	CODE OF ETHICS, INTEREST IN TRANSACTIONS & PERSONAL TRADING .....	21
Item 12:	BROKERAGE PRACTICES .....	22
Item 13:	REVIEW OF ACCOUNTS .....	23
Item 14:	CLIENT REFERRALS & OTHER COMPENSATION.....	23
Item 15:	CUSTODY & ACCOUNT STATEMENTS .....	26
Item 16:	INVESTMENT DISCRETION .....	26
Item 17:	VOTING CLIENT SECURITIES .....	26
Item 18:	FINANCIAL INFORMATION.....	27

## **Item 4: ADVISORY BUSINESS**

Infinex Investments, Inc. (referred to as “*Infinex*,” “*we*” or “*us*”) is a Connecticut corporation headquartered in Meriden, Connecticut. We have been in business since 1993. We are registered with the SEC as an investment adviser and are also registered with the SEC and 50 states as a broker-dealer. We are a member of the Financial Industry Regulatory Authority (“*FINRA*”). As of March 15, 2023, we managed client assets of approximately \$875,642,000 on a discretionary basis and \$1,939,012,000 on a non-discretionary basis. Infinex is owned 100% by Infinex Financial Holdings, Inc (“*IFH*”). On October 3, 2022, IFH was acquired by Advisor Group Holdings, Inc. (“*AGHP*”), now Osaic Holdings, Inc. (“*OHI*”), which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P. and The Berlinski Family 2006 Trust.

Infinex’s advisory services are made available to clients primarily through individuals associated with Infinex as investment advisor representatives (“*IARs*”). For more information about the IAR providing advisory services, clients should refer to the Brochure Supplement for the IAR. The Brochure Supplement is a separate document that is provided by the IAR along with this Brochure before or at the time client engages the IAR. If client did not receive a Brochure Supplement for the IAR, the client may contact the IAR or Infinex at [compliance@infinexgroup.com](mailto:compliance@infinexgroup.com).

Infinex offers a variety of investment advisory services. These services include (1) financial planning services and consulting services, (2) employee benefit retirement plan services, (3) other customized investment advisory services, (4) soliciting certain clients for other third party asset management firms, and (4) sponsoring certain discretionary and non-discretionary wrap fee asset management programs. In connection with these programs, Infinex also makes the LoanAdvance Program available to certain of its clients. Each of these services is described below.

As noted above, Infinex is also a broker-dealer registered with FINRA, and IARs are typically also registered with Infinex as a broker-dealer registered representatives. Therefore, in such case, IARs are able to offer a client both investment advisory and brokerage services. Before engaging with an IAR, clients should take time to consider the differences between an advisory relationship and a brokerage relationship to determine which type of service best serves the client’s investment needs and goals. Clients should speak to the IAR to understand the different types of services available through Infinex.

### **1. Financial Planning & Consulting Services.**

#### ***Financial Planning Services***

Infinex provides investment advisory services in the form of financial planning. Clients receiving this service will receive a written report providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. In general, the financial plan may address a number of areas, including existing financial position, protection of assets, investment planning, income tax planning, retirement planning, and estate planning. These financial planning services apply to a client’s financial situation only at the time of purchase. The engagement terminates upon delivery of the financial plan. A periodic review of the client’s situation is strongly recommended to ensure that the plan continues to adequately address the client’s needs and objectives. The client will be required to pay an additional fee for each periodic review. Infinex and the IAR will not have any discretionary investment authority when offering financial planning.

#### ***Consulting Services***

Clients can also receive investment advice on a more limited basis. This may include financial planning advice on only a specific area such as college funding, survivor needs, investment planning, or any other topic. In these situations, only the requested topic is addressed, and the impact on other financial concerns, or advice provided, is not considered. Infinex may also provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice. The IAR may or may not deliver to the client a written analysis or report as part of the services. The IAR tailors the consulting services to the individual needs of the client based on the investment objective chosen by the client. The engagement terminates upon final consultation with the client. Infinex and the IAR do not have any discretionary investment authority when offering consulting services. The IAR makes recommendations as to general types of investment products or securities that may be appropriate for client to consider and may also provide recommendations regarding specific investments or securities.

## **2. Employee Benefit Plan Services.**

Infinex, acting through the IARs, provides investment advisory services to clients that are trustees and other fiduciaries of participant-directed employee retirement benefit plans (“Plans”). The IAR may analyze the Plan’s current investment platform and assist the Plan and its participants in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. The IAR may recommend investment options to achieve the Plan’s objectives, provide participant education meetings, and monitor the performance of the Plan’s investment vehicles. The specific services provided will be stated in the client agreement.

If the Plan makes available publicly traded employer stock (“company stock”) as an investment option under the Plan, IARs will not provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. Also, IARs do not provide advice regarding the offering to participants of individual self-directed brokerage accounts, mutual fund windows, or other similar arrangements and are not responsible for the decision to offer such arrangements. In addition, if participants in the Plan may invest the assets in their accounts through such arrangements, or may obtain participant loans, IARs do not provide any individualized advice or recommendations to the participants regarding these decisions.

Infinex provides advisory services in connection with Plans as an investment advisor under the Investment Advisers Act of 1940 (“Advisers Act”) and is a fiduciary under the Advisers Act with respect to such services. In addition, if the client elects to engage Infinex and the IAR to perform ongoing investment monitoring and ongoing investment recommendation services to a Plan subject to ERISA, such services will constitute “investment advice” under Section 3(21)(A)(ii) of ERISA. Therefore, Infinex and IAR will be deemed a “fiduciary” as such term is defined under Section 3(21)(A)(ii) of ERISA in connection with those services. Clients should understand that to the extent Infinex and the IAR are engaged to perform services other than ongoing investment monitoring and recommendations, those services are not “investment advice” under ERISA and therefore, Infinex and the IAR will not be a “fiduciary” under ERISA with respect to those other services.

## **3. Customized Advisory Services.**

Infinex, through its IARs, offers advisory services to clients outside of an Infinex advisory program or any program described above. Under such customized engagements, clients authorize IARs to purchase and sell securities on a discretionary or nondiscretionary basis pursuant to an investment objective chosen by the client. “Nondiscretionary” services require clients to initiate or pre-approve investment transactions in their accounts before they can occur, whereas “discretionary” services authorize the IAR or other designated third party investment advisor to buy, sell or hold investment positions without obtaining pre-approval from clients for each transaction. This authority is set out in an advisory agreement between Infinex, the IAR and the client. The IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the advisory services and assists the client in setting the appropriate investment objective. The IAR provides ongoing investment advice and management that is tailored to the individual needs of the client based on the investment objective chosen by the client. Depending on the specific engagement, the types of securities that the IAR may purchase and sell include mutual funds, ETFs, equities, fixed income securities, and/or variable annuity subaccounts. Clients generally may impose reasonable restrictions on investing in certain securities or groups of securities. The assets managed as part of a customized engagement typically are held at a custodian other than Pershing, LLC, Infinex’s clearing broker.

## **4. Solicitation and Referral Services.**

Infinex and the IARs may occasionally act as a referral source to third party asset managers (in which case we are referred to as a “promoter”) for a fee; however, this is outside the scope of the investment advisory services described in this Brochure. When we act as a promoter for a third-party asset manager, neither Infinex nor the IAR are the client’s investment advisor or provide investment advice. In connection with these services, the IAR may be responsible for completing a profile of the client and gathering client information. The IAR may also be responsible for the suitability of the program offered by the third-party asset manager and periodically updating the client’s financial goals and objectives. In these cases, the IAR will provide the referred client with a disclosure statement regarding the role of Infinex and the IAR as a referral agent. Please see Item 14 below for more information about these referral services and the related compensation.

For a description of these programs and the related fees and expenses, you may obtain a copy of each third-party asset manager’s Form ADV Part 2A by visiting [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or upon request from the third party asset manager.

You may also request Form ADV Part 2B from the third-party asset manager which contains detailed information about the individual third party asset manager's representative(s) who will be responsible for managing your assets.

## **5. Sponsored Wrap Fee Programs.**

Infinex sponsors several discretionary and nondiscretionary "wrap fee" asset management programs. Clients interested in Infinex's wrap fee programs can obtain copies of the applicable brochures by contacting your IAR or by contacting our firm at [compliance@infinexgroup.com](mailto:compliance@infinexgroup.com) or at (203) 599-6000 or by downloading it at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **6. LoanAdvance Program.**

Through an agreement with Pershing, LLC, Infinex's clearing broker ("*Pershing*"), Infinex makes the LoanAdvance Program available to certain of its investment advisory clients. A LoanAdvance account is an account held through Pershing through which you may borrow money from Pershing by pledging the securities in the account. Unlike a margin account, these borrowed funds cannot be utilized to purchase additional securities. Some of the investment advisory accounts serviced by Infinex and its IARs may be eligible for the LoanAdvance Program. If you decide to open a LoanAdvance account, please carefully consider the following:

1. You are borrowing money that you will be required to pay back.
2. LoanAdvance is only available for accounts that are not retirement accounts. For purposes of this Brochure, a "Retirement Account" is an account held by an ERISA plan or an account otherwise subject to Section 4975 of the Internal Revenue Code (e.g., IRA).
3. You are using the securities that you own in the account as collateral.
4. You are charged an interest rate that is subject to change and the rate can go up or down.
5. Infinex or Pershing can force the sale of securities or other assets in any of your accounts held at Infinex or Pershing at any time and without notice, to cover any deficiency in the value of the securities pledged for the loan. This forced selling could occur at any time, including during times of increased market volatility, potentially negatively affecting your investment returns and potentially resulting in negative tax consequences for you.
6. Infinex or Pershing can decide which securities to sell without consulting with you.
7. Due to the fact that securities are pledged to support the outstanding loan amount, Infinex or Pershing can limit client withdrawals from the pledged account until loan requirements are met or the loan is paid off.
8. Infinex or Pershing may request additional information such as, but not limited to, a credit check in order to complete our review of your account(s).

Please also carefully review the LoanAdvance Lending Agreement and the Interest Rate Acknowledgment for additional risks involved in opening a LoanAdvance account. Compensation received by Infinex and its IARs in connection with the LoanAdvance Program is described below.

## **Item 5: FEES & COMPENSATION**

### **A. PROGRAM FEES**

#### **1. Financial Planning & Consulting Service Fees**

The fees for Infinex's financial planning services may be a fixed or variable amount based upon the issues to be addressed by the IAR or may be based on an hourly charge. Fees for plans will typically range from \$250 to \$5,000 or may be computed as a percentage of the client's assets. Hourly fees generally range from \$75 to \$400, depending upon the experience of the IAR. For individual, one-time projects, fees for financial planning and consulting services are typically collected after the services have been performed. For projects which are ongoing or do not have to definitive end date, fees are typically collected on a quarterly basis in arrears. Fees for financial planning and consulting services are generally negotiable by the IAR. All financial planning and consulting fees will be specifically set forth in the financial planning or consulting agreement signed by the client in advance of services.

Clients should understand that the financial planning or hourly consulting fee that the client negotiates with IAR may be higher than the fees charged by other investment advisors for similar services. This is the case, in particular, if the fee is at or near the maximum fees set out above. The IAR is responsible for determining the fee to charge each client based on factors such as total amount of assets involved in the relationship, the complexity of the planning services, and the number and range of supplementary advisory and client-related services to be provided. Clients should consider the level and complexity of the planning services to be provided when negotiating the fee with the IAR.

Clients pay the financial planning or consulting services fee by check made payable to Infinex Investments, Inc.

For financial planning and consulting services, the client may terminate the client agreement without penalty within five business days of execution. After the five-day period, the client may terminate the client agreement at any time, and may request a refund of unearned fees, if any, based on the time and effort completed prior to termination of the agreement. The client agreement terminates upon delivery of the plan for financial planning, and upon final consultation with the client for consulting. No refunds will be made after completion of the plan or delivery of the consulting services, except when the number of actual hours is less than the estimated number of hours quoted in the client agreement.

Infinex' s fees for financial planning and consulting services are separate and distinct from any commission or other compensation that Infinex or the IAR may earn in implementing any investment or insurance recommendations made by Infinex for a client's financial plan. A client is under no obligation to implement any financial plan recommendations by executing investment or insurance transactions through Infinex or the IAR.

## **2. Retirement Plan Services.**

Clients that utilize Infinex's retirement plan services will pay Infinex a fee for such services. Fees for retirement plan services are negotiable and based on a number of factors, including plan assets under management and the scope of the engagement. Infinex shares a significant portion of the fee with the IAR who provides services to the plan and, if applicable, the financial institution affiliated with the IAR. The fee may be based upon a percentage of assets (up to 1.00% annually), on an hourly basis (up to \$500 per hour), or on a flat rate basis as negotiated between the plan and the IAR. The fee will be payable to Infinex in arrears or in advance on the frequency (typically monthly or quarterly) as agreed to by Infinex, the IAR and the client. If asset-based fees are negotiated, the fee generally will be based upon the value of plan assets as of the close of the last business day of the period, as valued by the custodian of the assets. However, if the fee is paid by the plan or client through a third-party service provider, the fee will be calculated in a manner determined by the provider. If the fee is paid prior to the services being provided, the plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement among the client, Infinex and the IAR.

The Plan incurs fees and charges imposed by third parties other than Infinex and IAR in connection with Plan services. These third-party fees can include fund or annuity subaccount management fees, 12b-1 fees and administrative servicing fees, plan recordkeeping and other service provider fees. Further information regarding charges and fees assessed by a fund or annuity are available in the appropriate prospectus.

If a client engages Infinex and the IAR to provide ongoing investment recommendations to the Plan regarding the investment options (e.g., mutual funds, collective investment funds) to be made available to Plan participants, clients should understand that there generally will be two layers of fees with respect to such assets. The Plan will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. The client also will pay Infinex and the IAR a fee for the investment advisory services. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of Infinex and the IAR and by making their own decisions regarding the investment.

If a Plan makes available a variable annuity as an investment option, there are mortality expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor. If a Plan makes available a pooled guaranteed investment contract (GIC) fund, there are investment management and administrative fees associated with the pooled GIC fund.

As part of the Plan services, the IAR may recommend a mutual fund that pays asset-based sales charges or service fees (e.g., 12b-1 fees) to Infinex and the IAR as broker-dealer to the Plan. The receipt of 12b-1 fees presents a conflict of interest

because it gives Infinex and its IARs an incentive to recommend mutual funds based on the compensation received rather than on a client's needs. Infinex addresses this conflict by returning 12b-1 fees paid by product sponsors back to the Plan.

Clients should understand that the advisory fee that the client negotiates with IAR may be higher than the fees charged by other investment advisors or consultants for similar services. This is the case, in particular, if the fee is at or near the maximum fees set out above. The IAR is responsible for determining the fee to charge each client based on factors such as total amount of assets involved in the relationship, the complexity of the services, and the number and range of supplementary advisory and client-related services to be provided. Clients should consider the level and complexity of the consulting and/or advisory services to be provided when negotiating the fee with IAR.

Clients pay the advisory fee by check made payable to Infinex. In the alternative, clients also may instruct a Plan's service provider or custodian to calculate and debit the fee from the Plan's account at the custodian and pay such fee to Infinex.

### **3. Customized Advisory Services.**

Services Fees for customized advisory services are typically based on the value of assets under management and will vary by engagement. The amount of the fee will be set out in the client agreement executed by the client at the time the relationship is established. The maximum advisory fee is generally 1.75%, the advisory fee is negotiable between the IAR and the client and is payable either in advance or in arrears as described in the client agreement. The advisory fee will be paid to Infinex, and Infinex shares between 80% and 100% of the advisory fee with the IAR based on the agreement between Infinex and the IAR. A custom program account may be terminated according to the client agreement. If the client agreement provides for payment in advance, the agreement will state how the client can obtain a refund of any prepaid fee if the agreement is terminated before the end of the billing period.

In certain cases, Infinex serves as the broker-dealer on transactions in a customized advisory account. In such case, Infinex charges the client transaction charges in connection with trade execution through Infinex. The transaction charges will be clearly stated in the client agreement executed by the client at the time the relationship is established. If the custom advisory services apply to variable annuities for which the IAR receives trail compensation, such trail fees generally will be used to offset the advisory fee. In most cases, however, a third-party broker dealer will provide trade execution. In such case, the broker-dealer charges clients commissions, markups, markdowns and/or transaction charges. For the services described above, Infinex and the IAR share in the advisory fees charged to the client. The portion of the advisory fee received by IAR may be more than what the IAR would receive at another investment advisor firm.

There are other fees and charges imposed by third parties that apply to customized advisory service accounts. If assets are invested in mutual funds, ETFs or other pooled funds, there are two layers of advisory fees and expenses for those assets. The client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. The client will also pay the Infinex advisory fee with respect to those assets. The mutual funds and ETFs available in the programs often may be purchased directly. Therefore, clients could avoid the second layer of fees by not using the advisory services of the Infinex and the IAR and by making their own decisions regarding the investment. A mutual fund in a customized advisory service account may pay an asset-based sales charge or service fee (e.g., 12b-1 fee) that is paid to the broker-dealer on the account. Infinex and the IARs generally are not paid these fees for customized advisory accounts.

If a client transfers into a customized advisory account a previously purchased mutual fund and there is an applicable contingent deferred sales charge on the fund, the client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if a redemption is made within a specific time period after the investment, the client will be charged a redemption fee. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting).

If a client holds a variable annuity that is managed as part of a customized advisory account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor. If client holds a UIT in a program account, UIT sponsors charge creation and development fees or similar fees. Further information regarding fees assessed by a mutual fund, variable annuity or UIT is available in the appropriate prospectus, which clients may request from IAR.



Client should be aware that securities transferred into an account may have been subject to a commission or sales load when the security was originally purchased. After transfer into an advisory account, client should understand that an advisory fee will be charged based on the total assets in the account, including the transferred security. When transferring securities into an account, client should consider and speak to IAR about whether:

- a commission was previously paid on the security;
- client wishes for the security to be managed as part of the account and be subject to an advisory fee; or
- client wishes to hold the security in a brokerage account that is not managed and not subject to an advisory fee.

#### **4. Negotiation of Fees; Costs Compared to Other Programs**

The program fees described in this Brochure represent Infinex's maximum program fees for the services shown. Infinex or the referring IAR may negotiate fees on a case-by-case basis, depending on a variety of factors, including the nature and complexity of the particular service, the compensation requirements of the particular IAR, the client's relationship with Infinex and the IAR, the size of the account, and the potential for other business or clients, among other factors. Separate account assets may be combined or "household" for fee calculation purposes. Program fees may be different at each branch office and with each IAR, depending on location and the extent and nature of service. Program fees paid may be more or less than fees charged for advisory, custodial or brokerage services offered separately, depending on the nature, size, and frequency of account transactions and other services. Depending upon, among other things, the size of the account, changes in value over time, ability to negotiate fees or commissions, and the number of transactions, the amount of this fee compensation may be more than what the IAR would receive if the client participated in other programs of Infinex, or paid separately for investment advice, brokerage and other services.

The advisory fees paid to Infinex are shared with the IARs and, if applicable, the depository institutions affiliated with the IARs. The percentage of fees shared are typically 80% to 100% of the advisory fees collected by Infinex.

#### **B. COMPENSATION FROM THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS**

Infinex is registered as both an investment adviser and a broker dealer and is licensed as an insurance agency in a number of states. Clients who wish to purchase securities or insurance products or invest in individual securities outside of a wrap fee or other managed account will work through our IARs for these products, acting in their separate capacity as our broker-dealer representatives or agents of various insurance companies. Infinex hopes that financial planning and consulting clients will implement advisory recommendations through Infinex; however, advisory clients do not have any obligation to implement any advisory recommendations through Infinex or our IARs, and may choose to purchase such products from other broker-dealers, insurance companies, or agents not affiliated with us.

When IARs sell securities or insurance products as our broker-dealer representatives, they may earn commissions and other compensation, including servicing and distribution fees paid pursuant to Rule 12b-1, recordkeeping fees, and transfer and sub-transfer agent fees. If commissions are earned as a result of implementing investment advice, the IAR may, in his or her discretion, waive or reduce the amount of the financial planning or consulting fee by the amount of the commissions or by some other amount. Any adjustment to the financial planning or consulting fee is at the discretion of the IAR and will be disclosed to clients prior to implementing transactions. IARs may also be eligible to receive incentive awards (such as sales awards or other prizes such as trips or bonuses) for recommending certain types of insurance policies or investment products.

Commissions and other compensation from sales of securities and insurance products represent more than half of our firm's annual revenue and are our primary forms of compensation. The potential for sales compensation provides an incentive for an IAR to place their interest ahead of a client's interests. While these individuals endeavor to put their clients' interest first, the receipt of sales compensation may affect their judgment when making recommendations. Clients, however, are not under any obligation to purchase any securities or insurance products recommended by our IARs and may choose to purchase such products from firms not affiliated with Infinex or the IAR.

### **C. LOANADVANCE PROGRAM FEES.**

The LoanAdvance interest rate charged to a client is variable based on the amount of credit borrowed by the client and can fluctuate based on the current prime rate as published by The Wall Street Journal. The prime rate may change with fluctuations in the Federal Funds rate. The LoanAdvance interest rate will consist of the prime rate plus an additional margin determined by Pershing and your IAR. Your IAR and Infinex have a conflict of interest when a LoanAdvance account is offered to you. This conflict occurs because your IAR can determine a portion of the interest rate margin that you will pay and your IAR and Infinex will receive a portion of the interest charged on your loan as compensation. We attempt to mitigate this conflict by reviewing your accounts to determine whether or not the use of LoanAdvance is appropriate and in line with your goals and objectives.

### **D. PERSHING SWEEP PROGRAM.**

When a client's advisory account is maintained at Pershing and unless the client otherwise opts out, the client's free credit balance will be automatically deposited or "swept" to a deposit account at one or more banks whose deposits are insured by the FDIC (up to applicable limits) or, in limited cases, a money market mutual fund product (collectively, the "*Sweep Program*"). As set forth in the terms of the Customer Agreement with Infinex, the client may remove his or her account from participating in the Sweep Program by notifying the client's IAR. In addition, there are always alternatives for the short-term investment of cash balances that may offer higher returns than the sweep options made available to the client.

As described above, accounts custodied at Pershing will be eligible for the Sweep Program. In connection with the Sweep Program, Pershing automatically transfers free credit balances in the client's account to a deposit account at one or more banks whose deposits are insured by the Federal Deposit Insurance Corporation (the Bank Deposit Sweep Program ("*BDSP*") or the Insured Cash Account Program ("*ICAP*")) or, in limited cases, to a money market mutual fund product (the "*Money Market Mutual Fund Program*"). These programs are described below.

#### **FDIC Insured Deposit Program (BDSP & ICAP):**

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

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

#### **Bank Deposit Sweep Program - BDSP**

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

#### **Insured Cash Account Program - ICAP**

Infinex will receive a monthly per-account fee (not to exceed \$21.25) for services it provides in connection with maintaining and administering the Sweep Program for IRA accounts held in an advisory/ fee-based office range (the "*Sweep Account Fee*"). The Sweep Account Fee is not based on the amount of assets in the FDIC Program or in your Program Account, and it does not depend on or vary with (and is not affected by) the actual amounts held in the deposit accounts or the client's program account. The Sweep Account Fee will reduce the interest the client is paid on the amount of assets in the program account. The Sweep Account Fee will generally be paid by the Program Banks on the program account's behalf; however, the Sweep Account Fee or a portion thereof may be deducted directly from the program account if, for example, the amounts paid by the Program Banks are insufficient to cover the Sweep Account Fee. In a low interest rate environment, Infinex at its discretion may decide to waive (that is, to not collect) all or a portion of the Sweep Account Fee paid by the Program Banks. Waiving all or a portion of the Sweep Account Fee will reduce the impact of the Sweep Account Fee on the interest the client receives. Under this Program, Infinex will receive a fee from the Program Banks in connection with the deposit accounts. The fee received may differ among each Program Bank. The client will have no rights to the amounts paid by the

Program Banks, except for interest actually credited to the client's account. The amount of fees received by Infinex, Pershing, and any other service provider reduces the interest the client receives on his or her deposit account(s).

The IAR does not receive any portion of the fees paid by the Program Banks.

### **Money Market Mutual Funds**

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

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

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

Infinex does not receive any additional compensation from the Fund.

For additional information about the Sweep Program, please visit our website located at [www.infinexgroup.com/disclosures/sweep\\_program\\_disclosure](http://www.infinexgroup.com/disclosures/sweep_program_disclosure).

### **Material Conflicts of Interest**

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

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

The IAR who makes investment recommendations for the client's program account does not receive any compensation from these payments or based on the selection of the sweep vehicle. Infinex maintains policies and procedures to ensure recommendations made to the client are in the client's best interest.

### **Item 6: PERFORMANCE COMPENSATION & SIDE-BY-SIDE MANAGEMENT**

Infinex does not charge performance-based fees (fees that are based on a share of capital gains or capital appreciation of the assets of a client).

### **Item 7: TYPES OF CLIENTS & ACCOUNT REQUIREMENTS**

Infinex provides investment advisory services to individuals, including high net worth individuals, individual retirement accounts, pension and profit-sharing plans, trusts, estates, and charitable organizations, and corporations and other businesses not listed above.

### **Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS**

Each account's IAR will provide, on behalf of Infinex, the investment analyses and strategies for the account, to the extent of Infinex's responsibilities described in this Brochure, without prior consultation with Infinex. Infinex supervises the

activities of its IARs but does not generally manage or make investment decisions or recommendations with respect to specific accounts. Below, we describe the methods of analysis and investment strategies generally used by IARs in formulating advice and managing accounts on behalf of Infinex. Each IAR, however, determines the methods of analysis and strategies to be used in advising and managing his or her accounts, which may differ from the methods of analysis, strategies, or advice of other IARs. Clients should be sure to understand the methods of analysis and investment strategies their IAR expects to use in advising them or managing their accounts.

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis:** We may also analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially forecast future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may under-perform regardless of market movement. Moreover, although past market behavior can be used in an effort to predict future price movements, markets have and will behave differently than they have in the past.

**Cyclical Analysis:** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

**Charting:** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to successfully invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other funds in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable for the client's portfolio.

**Risk for all forms of analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### ***Investment Strategies***

We use the following strategies in advising and managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance and time horizons, among other considerations:

**Long-Term Purchases:** We may recommend that a client purchase securities with the idea of holding them for a year or longer. Typically, we recommend this strategy when we believe the securities to be undervalued, and/or we want exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-Term Purchases:** When utilizing this strategy, we may recommend that a client purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an effort to assist the client to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Short Sales:** We do not expect to recommend frequent short sales of securities. However, clients should understand the nature of these transactions, in the event we see a potential opportunity to take advantage of a future drop in the price of a security. In a short sale, your account will sell a security that it does not own. It can do this by “borrowing” the stock from the account’s broker with your promise to replace the security on a future date. If the security’s price falls before you have to return the security to the broker, your account would repurchase it at the lower price, thereby making a profit. These transactions may be speculative and involve special risk considerations. For example, you will lose money if the value of the security increases and you have to buy it at a higher price in order to return it to your broker. Because there is theoretically no limit to how high the price of the security can go, your potential losses can be infinite. Also, you must pay interest to the broker during the time you have borrowed the security, and you must also pay the broker’s commissions or other transaction costs to engage in the initial short sale and the repurchase of the security.

### ***Risk of Loss***

As mentioned above, regardless of what strategy or analysis is undertaken, there is risk of loss; in some cases, total loss. Some risks may be avoided or mitigated, while others are completely unavoidable. Described below are some risks associated with investing and with some types of investments that are available through our advisory programs:

- **Market risks:** The prices of, and the income generated by, the common stocks, bonds, and other securities you own may decline in response to certain events taking place around the world. These risks include events directly involving the issuers; conditions affecting the general economy; overall market changes; local, regional, or global political, social, or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate, and commodity price fluctuations.
- **Interest rate risks:** The prices of, and the income generated by, most debt and equity securities may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities generally will decline when interest rates rise and will increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, “call,” or refinance a security before its stated maturity date, which may result in having to reinvest the proceeds in lower-yielding securities.
- **Credit risks:** Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.
- **Risks of investing outside the U.S.:** Investments in securities issued by entities based outside the United States may be subject to the risks described above to a greater extent. Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks may be heightened in connection with

investments in developing countries. Investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

- **Issuer-Specific Risk.** This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

- **Investment Company Risk.** To the extent a client account invests in ETFs or other investment companies, its performance will be affected by the performance of those other investment companies. Investments in ETFs and other investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses. If a client account invests in other investment companies, the client account may receive distributions of taxable gains from portfolio transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.

- **Concentration Risk.** To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.

- **Sector Risk.** To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.

- **Alternative Strategy Mutual Funds.** Certain mutual funds available in the Programs invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.

- **Closed-End/Interval Funds.** Clients should be aware that closed-end funds available within the Programs may not give investors the right to redeem their shares, and a secondary market may not exist. Therefore, clients may be unable to liquidate all or a portion of their shares in these types of funds. While the fund may from time to time offer to repurchase shares, it is not obligated to do so (unless it has been structured as an "interval fund"). In the case of interval funds, the fund will provide limited liquidity to shareholders by offering to repurchase a limited amount of shares on a periodic basis, but there is no guarantee that clients will be able to sell all of the shares in any particular repurchase offer. In some cases, there may be an additional cost to investors who redeem before holding shares for a specified amount of time. The repurchase offer program may be suspended under certain circumstances.

- **Exchange-Traded Funds (ETFs).** ETFs are typically investment companies that are legally classified as open-end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs may be closed and liquidated at the discretion of the issuing company.

- **Structured Products.** Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. 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. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. 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, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

- **REITs.** REITs invest in real estate, and there are special risks associated with investing in real estate, including, but not limited to, sensitivity to changes in real estate values, the risk of investment loss due to the use of leveraging and other speculative investment practices, interest rate risk, lack of liquidity and performance volatility. Non-Traded REITs are not required to provide annual valuations until two years and 150 days after reaching the minimum capital raise required to begin purchasing properties. This threshold is generally outlined in the product's prospectus. Non-Traded REITs, which are available to clients meeting certain qualification standards, may fund distributions from offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to invest in new assets. Clients should be aware that these securities may not be liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the security, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the security during the repurchase offer. Issuers may repurchase shares at a price below net asset value. The repurchase program may also be suspended under certain circumstances.

- **Variable Annuities.** If client purchases a variable annuity that is part of a Program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Clients should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts. Some products may charge a recapture or redemption fee for contracts or benefits not held for a specified period of time or that do not follow stated withdrawal terms.

- **Non-traded Products.** Non-traded products do not trade on a securities exchange and are not publicly traded. Consequently, non-traded products can be riskier than products that are publicly traded because the product cannot be sold readily in a market by the investor. The non-traded product may offer to redeem shares from investors, but such share redemptions are typically subject to limitations. Share redemptions may also require that shares be redeemed at a discount and there is no guarantee that client will be able to redeem the security during the repurchase offer. In addition, non-traded products may lack share value transparency because there is no market price readily available. Without share value transparency, investors may not be able to assess the value or performance of the non-traded product.

- **Margin Accounts.** Clients should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. Pershing, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact quarterly performance.

- **Pledging Assets.** Clients should be aware that pledging assets in an account to secure a loan involves additional risks. The bank holding the loan may have the authority to liquidate all or part of the securities at any time without your prior notice in order to maintain required maintenance levels, or to call the loan at any time. As a practical matter, this may cause

you to sell assets and realize losses in a declining market. These actions may interrupt your long-term investment goals and result in adverse tax consequences and additional fees to the bank. The returns on accounts or pledged assets may not cover the cost of loan interest and account fees and may dictate a more aggressive investment strategy to support the costs of borrowing. Before pledging assets in an account, clients should carefully review the loan agreement, loan application and any forms required by the bank and any other forms and disclosures provided by Pershing and Infinex.

Your investments are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency, entity, or person, unless otherwise noted and explicitly disclosed as such, and as such may lose value. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9: DISCIPLINARY INFORMATION**

We are required to disclose in Item 9 information about legal or disciplinary events that would be material to your evaluation of our advisory business or the integrity of our management.

In March of 2019, Infinex consented to an order by the Securities and Exchange Commission (“SEC”) in connection with the SEC’s Share Class Selection Disclosure Initiative (the “Initiative”). Pursuant to the Initiative, Infinex self-reported to the SEC that it failed to adequately disclose conflicts of interest related to the sale of higher cost mutual fund share classes when lower cost share classes were available. Specifically, the SEC order found that Infinex, acting through its advisers, placed clients in mutual fund share classes that charged 12b-1 fees when lower cost share classes may have been available. Pursuant to the order, Infinex agreed to a cease and desist, a censure and to repay to clients all improperly disclosed fees along with prejudgment interest in the aggregate amount of \$978,698.85. Infinex also agreed to undertake a review and to correct all relevant disclosure documents concerning mutual fund share class selection and 12b-1 fees. Lastly, Infinex agreed to evaluate whether existing clients should be moved to an available lower cost share and to move clients as necessary. Consistent with the terms of the Initiative, the SEC did not impose penalties against Infinex.

In July of 2018, Infinex entered into a consent order with the Massachusetts Securities Division in connection with its supervision of certain brokerage products and transactions in the Commonwealth of Massachusetts. Without admitting or denying the findings, Infinex consented to a censure, fine of \$125,000, restitution of \$59,409.40 to client accounts, and the engagement of a consultant to review Infinex’s policies and procedures.

Infinex, as a broker-dealer, is a member of the Financial Industry Regulatory Authority (“FINRA”). In October of 2015, the Firm entered into a Letter of Acceptance, Waiver and Consent (“AWC”) with FINRA in connection with the sales and supervision by Infinex and its registered representatives of certain unit investment trusts (“UITs”). The findings were related to Infinex’s failure to apply brokerage sales charge discounts to certain customers’ eligible purchases of UITs. The findings stated that the Firm failed to establish, maintain and enforce a supervisory system and written supervisory procedures reasonably designed to ensure that customers received sales charge discounts on all eligible UIT purchases. Without admitting or denying the findings, Infinex consented to a censure and fine of \$150,000 and restitution of \$109,627.84 to client accounts.

In April of 2014, the Firm entered into an AWC with FINRA in connection with the sales and supervision by Infinex and its registered representatives of certain non-traditional exchange traded funds. Without admitting or denying the findings, Infinex agreed to a censure and a fine of \$75,000. In addition, Infinex agreed to pay restitution to customers who lost money in these transactions in the amount of approximately \$287,000.

## **Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS**

### **OVERVIEW**

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



## COPROPRATE STRUCTURE

Infinex is a wholly owned subsidiary of Infinex Financial Holdings, Inc. (“IFH”). IFH is owned by Osaic Holdings, Inc. (“OHI”), which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners, LLC. The consortium of investors includes RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P. and The Berlinski 2006 Trust.

## OTHER INDUSTRY AFFILIATES

Infinex has the following affiliates, which are either wholly-owned subsidiaries of OHI or wholly-owned subsidiaries of one of OHI’s affiliates.

Infinex Financial Holdings, Inc. Holding Company	100% owned by OHI
Securities America Financial Corporation (SAFC) Holding Company	100% owned by OHI
Securities America Advisors, Inc. Registered Investment Advisor	100% owned by SAFC
Securities America, Inc. Broker/Dealer	100% owned by SAFC
Arbor Point Advisors, LLC Registered Investment Advisor	100% owned by SAFC
Ladenburg Thalmann Asset Management Registered Investment Advisor	100% owned by OHI
Ladenburg Thalmann & Co., Inc. Broker/Dealer	100% owned by OHI
Triad Advisors, LLC Registered Investment Advisor, Broker/Dealer & Insurance	100% owned by OHI
Triad Hybrid Solutions, LLC Registered Investment Advisor	100% owned by OHI
Highland Capital Brokerage Insurance Brokerage	100% owned by OHI
Premier Trust Trust Company	100% owned by OHI
American Portfolios Holdings, Inc. (APHI) Holding Company	100% owned by OHI
American Portfolios Financial Services, Inc. Broker-Dealer	100% owned by APHI
American Portfolios Advisors, Inc. Registered Investment Advisor	100% owned by APHI

Infinex also has Related Persons who are under common control of OHI. The following chart details the Related Persons which are wholly owned subsidiaries of Osaic, Inc. (“Osaic”). Osaic is a wholly owned subsidiary of Osaic Holdings, Inc.

Osaic, Inc. Holding Company	100% owned by OHI
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Royal Alliance Associates Registered Investment Advisor, Broker/Dealer	100% owned by Osaic
Financial Service Corporation (FS Corp) Holding Company	100% owned by Osaic
FSC Securities Corporation Registered Investment Advisor, Broker/Dealer	100% owned by FS Corp
SagePoint Financial Inc. Registered Investment Advisor, Broker/Dealer	100% owned by Osaic
Woodbury Financial Services, Inc. Registered Investment Advisor, Broker/Dealer	100% owned by Osaic
Vision2020 Wealth Management Corp. Registered Investment Advisor	100% owned by Osaic

The following chart details the Related Persons which are not wholly owned subsidiaries of OHI or Osaic. These Related Persons, however, are under common control of OHI. Your IAR cannot recommend the purchase of securities through such affiliates and do not conduct advisory business through these Related Persons.

Black Diamond Financial, LLC Registered Investment Advisor	100% owned by Black Diamond Financial Holdings, LLC
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## **BROKER-DEALER AND INSURANCE PRODUCTS AND SERVICES**

As noted in Item 4, Infinex is registered with the SEC and 50 states as a broker-dealer and is a member of FINRA. Infinex's primary business activity is providing brokerage and other services on a "networking" basis to customers at banks, credit unions and other financial institutions. The executive officers of Infinex and the IARs are separately licensed as registered principals or representatives of Infinex. Infinex's principal executive officers and associated persons, in their separate capacities, may effect securities transactions for any client for separate and typical commission compensation.

Please refer to Item 5 for further information about the brokerage services Infinex and our IARs provide to clients and the additional compensation that clients pay to purchase securities or insurance products outside of the managed account (wrap) programs we offer.

As noted above, a significant portion of our business as a broker-dealer and investment adviser involves networking arrangements with banks, credit unions and other financial institutions. These arrangements permit Infinex to offer brokerage services, insurance products (such as fixed and variable annuities) and investment advisory services to customers of the institution. This program is often referred to as the "*Infinex Program*," and depository institutions which offer the Infinex Program to their customers are referred to as "*Subscribing Institutions*." In consideration for allowing Infinex to offer products and services to their customers on the institution's premises, Infinex pays to each Subscribing Institution a revenue sharing payment, calculated upon the commissions and other compensation generated by Infinex on sales to the Subscribing Institution's customers and others. The IARs are independent contractors of Infinex and are often employed by the Subscribing Institution.

As a registered broker-dealer, Infinex has entered into a fully disclosed clearing agreement with Pershing under which Pershing provides clearing, custody and recordkeeping services for Infinex brokerage client accounts. In connection with these services and depending upon the type of investment advisory account, clients with Infinex brokerage accounts may incur a number of different Pershing charges and fees. These include ticket charges, ACAT fees, confirmation fees, IRA

maintenance fees, margin interest, inactive account fees, account termination fees and paper statement fees. Pershing shares a portion of some of these fees with Infinex.

Infinex is also licensed as an insurance agency in each of the states in which it does insurance business and offers insurance and insurance-related products and services in those states. IARs may also be licensed as insurance producers with Infinex and appointed as agents with various national insurance companies. As licensed producers, these individuals are able to recommend and sell life, accident, health, and variable annuity and variable life insurance products. Recommendations for these products may be made to Infinex financial planning, consulting, or other clients and any transactions effected for these clients would be for separate and typical compensation unless otherwise agreed by the client. These transactions typically occur outside of Infinex's investment advisory and asset management programs.

It is expected that Infinex and its executive officers will spend more than fifty percent of their time on brokerage and related activities, and less than fifty percent of their time on matters related to investment advisory services.

Clients should be aware that the receipt of additional compensation by our firm and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making recommendations. We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address this conflict:

- We disclose the existence of all material conflicts of interest, including the potential for our firm and its employees to earn compensation from advisory clients in addition to our advisory fees;
- We disclose to clients that they are not obligated to purchase any securities or insurance products or services from Infinex or our IARs;
- We ensure that client advisory fees are not increased due to referral fees paid by our firm;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **BUSINESS OPERATIONS WITH AFFILIATES**

Some of our business operations involve directing clients to products or services of our Related Persons. In that case we or our Related Persons can receive compensation when doing so which results in a conflict of interest. Your IAR, however, does not receive a portion of the compensation paid to us or our Related Persons and therefore does not have a conflict of interest in recommending the use of one of our affiliated companies. As a result of the fact your Advisory Representative is not compensated for directing you to products or services offered by our Related Persons, we believe that the Firm's conflict of interest is mitigated. The Firm maintains policies and procedures to ensure recommendations made to you are in your best interest. The Firm or its Advisory Representatives may direct you to the following:

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

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

Ladenburg Thalmann & Co. Inc. (LTCO): LTCO is a registered broker/dealer. Your IAR can also recommend clients invest in securities issued in an initial public ("new issue") and secondary offering for which LTCO acts as

a manager, an underwriter and/or a member of the selling syndicate. Infinex can also act as a member of the selling syndicate. We have a conflict of interest when recommending these securities because:

- LTCO receives all or a portion of the concession (the difference between the price paid by the client for the security and the price for which LTCO purchases the security) in connection with such sales. This concession will vary between different offerings. If Infinex also acts as a member of the selling syndicate, it receives a portion of the concession. If your IAR is also a registered representative, he or she generally receives a portion of this compensation in that separate capacity.

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

Clients are not obligated to use any LTCO services recommended.

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

LTAM offers the Ladenburg Funds (i.e., Ladenburg Income Fund, Ladenburg Income & Growth Fund, Ladenburg Growth & Income Fund, Ladenburg Growth and Ladenburg Aggressive Growth), each of which is an open-end fund; as well as the Total Portfolio Series funds (Collective Investment Trusts) established for retirement plans. Our IARs can recommend clients invest in these funds as well as other Ladenburg portfolios. Transactions within these funds are executed through LTCO, which receives no commissions when executing trades on behalf of the Funds.

- LTAM operates \$ymbil®, an online, interactive tool designed to assist clients in selecting among the five Ladenburg Funds by using a questionnaire to gauge a client's time horizon, risk tolerance and investment objectives. A client investment profile is created from the responses to this online questionnaire. LTAM has no discretion over a client's investments. Our IARs can recommend clients use \$ymbil®, and if clients implement transactions using \$ymbil®, both Infinex and our IARs receive promoter fees. This creates a conflict of interest; however, clients have no obligation to accept any suggestions provided by \$ymbil® or to invest in any of the Ladenburg Funds.
- LTAM offers the Qui(k) program. LTAM serves as the ERISA Section 3(38) investment fiduciary for the plans associated with this program. LTAM has entered into an agreement to provide 3(38) investment fiduciary services to TRG Fiduciary Services, LLC (TRGF). TRGF is the Pooled Plan Provider (PPP) for the Qui(k) platform, TRGF's Pooled Employer Plan (PEP). LTAM, as well as the other Qui(k) platform service providers, are engaged by TRGF in their capacity as the PPP named fiduciary and PEP plan sponsor. Certain collective investment trusts ("CITs") managed by LTAM are available as investment options in Qui(k). However, LTAM utilizes a share class that does not pay a fee to LTAM for management of the CIT assets. Employers who participate in Qui(k) will sign a separate agreement engaging TRGF as the PPP. TRGF, LTAM, and Infinex do not engage in any revenue sharing as a result of this relationship. The specific manner in which fees are charged is established for a client in the client's written investment advisory agreement. IARs are not acting as a fiduciary for purposes of ERISA when recommending employer participation in Qui(k) versus the other programs or options.

We offer clients access to professional third-party money managers that create and implement portfolios with a variety of investment strategies (see Item 4 - Advisory Business for additional information on referrals to third-party money managers). LTAM is among the third-party money managers that can be recommended to clients. Infinex has a conflict of interest when recommending LTAM to clients. IARs receive compensation that varies depending on the third-party managers recommended. Infinex earns more total compensation when a client selects

LTAM as a third-party manager than we would earn if the client selects certain other unaffiliated third-party managers. Thus, our IARs have a conflict of interest because of an incentive to recommend certain managers over others. We address these conflicts of interest through policies and procedures that, among other things, require IARs to make suitable recommendations, to act as a fiduciary to clients, and to act solely in clients' best interests.

## **BOARD OF DIRECTORS**

Members of the Infinex Board of Directors also serve as board members for several of our affiliated companies. There can be a perceived conflict of interest. You should be aware that the Board of Directors does not make decisions for our firm without following the process set forth in our firm's by-laws.

## **REFERRALS TO OTHER INVESTMENT ADVISORS**

Please refer to Item 4 for information about our recommendations of third-party asset managers (including wrap fee programs) and the conflicts of interest we have in recommending these programs.

## **Item 11: CODE OF ETHICS, INTEREST IN TRANSACTIONS & PERSONAL TRADING**

### **Code of Ethics and Personal Trading**

Infinex has adopted a code of ethics that includes guidelines regarding personal securities transactions of its employees and IARs. The code of ethics permits Infinex employees and IARs to invest for their own personal accounts in the same securities that Infinex and IARs purchase for clients in program accounts. This presents a conflict of interest because trading by an employee or IAR in a personal securities account in the same security on or about the same time as trading by a client can disadvantage the client. Infinex addresses this conflict of interest by requiring in its code of ethics that Infinex employees and IARs report certain personal securities transactions and holdings to Infinex. Infinex has procedures to review personal trading accounts for front running. Employees and IARs are also required to obtain pre-approval for investments in private placements and initial public offerings. A copy of the code of ethics is available to clients or prospective clients upon request.

### **Participation or Interest in Client Transactions**

As part of financial planning and consulting services, an IAR may or may not provide recommendations as to investment products or securities. To the extent that IAR recommends that client invest in products and services that will result in compensation being paid to Infinex and the IAR, this presents a conflict of interest. The compensation to the IAR and Infinex may be more or less depending on the product or service that the IAR recommends. Therefore, the IAR has a financial incentive to recommend that a financial plan or consulting advice be implemented using a certain product or service over another product or service. The client is under no obligation to purchase securities or services through Infinex and the IAR.

If the client decides to implement the recommendations received pursuant to a financial plan or consulting services through an Infinex advisory program or service, the IAR will provide client at the time of engagement with a Brochure, client agreement and other account paperwork that contain specific information about fees and compensation that the IAR and Infinex will receive in connection with that program. The Brochures are also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

If the client desires instead to purchase securities in a brokerage account through IAR acting as a registered representative of Infinex, Infinex and IAR will receive brokerage-related compensation for those services, such as commissions and/or trail fees. Infinex provides information regarding such brokerage compensation at the time of a brokerage transaction and also on its website at [www.infinexgroup.com](http://www.infinexgroup.com). When considering whether to implement recommendations received pursuant to a financial plan or consulting services through the IAR and Infinex, clients should discuss with the IAR how Infinex and IAR will be compensated for any recommendations in the plan.

It is important to note that clients are under no obligation to implement recommendations received pursuant to a financial plan or consulting services through Infinex. Clients should understand that the investment products, securities and services that an IAR recommends as part of financial planning and consulting services are available to be purchased through broker-dealers, investment advisors or other investment firms not affiliated with Infinex.

A portion of the fee to the IAR may be paid by the IAR to his or her Infinex branch manager or another Infinex representative for supervision or administrative support. There is a conflict of interest when a branch manager receives a portion of this fee for supervision because the fee affects his or her ability to provide objective supervision of the IAR.

### **Collateralized Lending Arrangements**

Pershing, Infinex's clearing broker, offers a collateralized loan program referred to as the LoanAdvance program. Under the LoanAdvance program, clients can collateralize certain investment accounts to obtain a secured loan through Pershing. The IAR has the ability to markup the interest rate charged by Pershing in connection with secured loans obtained through the LoanAdvance program. In addition, Pershing shares revenue with Infinex and the IAR based on the interest rate and the amount of the outstanding loan. The LoanAdvance program creates a conflict because Infinex and the IAR have an incentive to recommend that the client utilize the LoanAdvance program and to increase the interest rate that the client pays. Clients are not required to use the LoanAdvance program to obtain a collateralized loan. Clients should be aware that the LoanAdvance program is only one of many ways to obtain a secured loan.

Many of Infinex's IARs are located in branches of unaffiliated financial institutions, such as banks and credit unions. Many of these financial institutions offer loans that can be collateralized by the client's securities account with Infinex. Because the financial professionals are often employees of the financial institutions, they have a conflict because they can be incented to encourage the client to utilize the lending services of the financial institution.

Infinex and its IARs have an interest in continuing to receive investment advisory fees, which gives Infinex and its IARs an incentive to recommend that clients borrow money rather than liquidate some of their assets managed by Infinex and the IAR. This incentive creates a conflict of interest for Infinex and its IARs when advising clients seeking to access funds on whether they should liquidate assets or instead hold their securities investments and utilize a line of credit secured by assets in their account. Because Infinex and its IARs are compensated primarily through advisory fees paid on clients' accounts, Infinex and its IARs also have an interest in managing an account serving as collateral for a loan in a manner that will preserve sufficient collateral value to support the loan and avoid a bank call. This presents a conflict of interest with clients because it could incentivize IARs to invest in more conservative, lower performing investments to maintain the stability of the account.

### **Rollovers**

If a client is a participant in an employer-sponsored retirement plan such as a 401(k) plan and decides to roll assets out of the plan into the account, Infinex and its IARs have a financial incentive to recommend that the client invest those assets in the account, because Infinex and its IARs will be paid on those assets, for example, through advisory fees. You should be aware that such fees likely will be higher than those a participant pays through a plan, and there can be maintenance and other miscellaneous fees. As securities held in a retirement plan are generally not transferred to the account, commissions and sales charges will be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

### **Other Clients**

Client should understand that Infinex and its IARs perform advisory and/or brokerage services for various other clients, and that Infinex and its IARs may give advice or take actions for those other clients that differ from the advice given to the client. The timing or nature of any action taken for the account may also be different.

## **Item 12: BROKERAGE PRACTICES**

Infinex, in its capacity as a broker-dealer and member of FINRA, will be the primary broker-dealer through which securities transactions in the asset allocation and wrap fee programs will be processed. Clients who want to participate in Infinex's asset allocation and wrap fee programs are required to utilize Infinex for these purposes. Infinex clients who utilize the firm's financial planning and consulting services, plan advisory services or solicitation services are not required to utilize Infinex as the broker-dealer. Clients should understand that Infinex and its IARs have a conflict of interest with respect to transactions effected through Infinex.

Infinex, as a registered broker-dealer, and the IARs, as registered representatives of Infinex, may receive separate and typical compensation from any brokerage transaction they implement on behalf of Infinex. Except with respect to Infinex's asset allocation and wrap fee programs, no investment advisory client is obligated to use Infinex or the IARs for brokerage services. In the event that clients elect to utilize Infinex in its capacity as a broker-dealer, Infinex and the IARs may receive certain 12(b)-1 fees and other distribution and administrative fees from mutual funds in which client funds are invested as described in Item 5. These fees are in addition to Infinex's investment advisory and transaction fees.

Infinex, as a matter of policy and practice, does not have any formal or informal arrangements or commitments to utilize research, research-related products and other services obtained from broker dealers, or third parties, on a soft dollar commission basis. Soft dollars generally refers to arrangements whereby a discretionary investment adviser is allowed to pay for and receive research, research-related or execution services from a broker dealer or third party provider, in addition to the execution of transactions, in exchange for the brokerage commissions from transactions for client accounts.

IARs may block (or bunch) trades for advisory clients to attempt to achieve the best execution for large orders for an individual account or to obtain a uniform execution price for identical securities across several accounts. Similarly, Infinex may block the trades for advisory accounts that it manages. All block trades placed will be processed through an average price account. This means that all execution prices for the security bought or sold on that day will be averaged. While the client may not receive the best execution price, the client will also not receive the worst price. Block trading is only available if the client's account is being managed on a discretionary basis. Block trading does not reduce the client's transaction costs.

Occasionally, a trading error may occur where either we, or the IARs, are at fault. If this occurs in your account, the error will be corrected and your account will be restored to where it would have been had the error never occurred. However, in the process of restoring your account, we may realize a profit or suffer a loss in connection with correcting this error. Neither losses nor gains will be passed on to you.

For accounts that are charged an advisory fee based on a percentage of assets, the fee is determined on the last business day of the previous period based upon the average daily balance during the previous period. Infinex has an obligation to ensure that orders are being sent to the markets in an efficient manner. Infinex reviews reports that help us analyze the quality of the executions of the orders that we send to the market

## **Item 13: REVIEW OF ACCOUNTS**

### **A. PERIODIC & OTHER ACCOUNT REVIEWS**

For financial planning and consulting clients, the IAR and the client will engage in meetings, telephone conversations, and other communications to discuss and review the various topics to be addressed while the financial plan is being developed or the consulting project is being addressed, and upon delivery of the written financial plan or our verbal advice for consulting engagements. We will not provide any on-going monitoring, advice, or updates unless specifically agreed in a written financial planning or consulting agreement.

### **B. CLIENT REPORTS**

Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise agreed in the financial planning agreement. Consulting services clients will not receive any reports unless specifically provided in their consulting agreement.

## **Item 14: CLIENT REFERRALS & OTHER COMPENSATION**

### **Other Compensation**

As a broker-dealer, investment advisor and insurance producer, Infinex offers a large number of products to our customers. It is important to know that a number of companies whose products are offered through Infinex pay extra compensation to Infinex. These companies, referred to as "*Product Partners*", include mutual fund companies, insurance carriers, issuers of structured products and issuers of non-traded real estate investment trusts. Product Partners are selected, in part, based on

the competitiveness of their products, their technology, their customer service and their training capabilities. Product Partners have more opportunities than other companies to market and educate our IARs on investments and the products they offer. The amount of compensation paid to Infinex varies by Product Partner. In general, Product Partners may compensate Infinex by paying (i) a fixed dollar amount or paying a sponsorship fee for an Infinex event, (ii) a percentage of product sales, (iii) a percentage of customer assets invested in the products, or (iv) a combination of the above. Product Partners pay Infinex differing amounts of revenue sharing, for which the Product Partner receives different benefits.

In addition, Infinex, Infinex employees and IARs receive compensation in the form of gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with the IAR, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Clients of Infinex do not pay more to purchase the products of Product Partners through Infinex. This additional compensation to Infinex creates a conflict and incentive for Infinex and its IARs to promote Product Partner products over other products. Infinex manages this conflict by not sharing the identity of the Product Partners with its IARs. Likewise, IARs do not receive additional compensation for selling a Product Partner product, although the IAR may benefit indirectly when Product Partner payments are used to support costs relating to review, marketing and training.

Infinex has entered into referral agreements with independent third party investment advisers, pursuant to which Infinex and the IARs receive referral fees from the third party investment advisors in return for referral of clients. Infinex refers clients to such firms as BNY Mellon and Willbanks Smith & Thomas. Referrals to certain third party investment advisers are subject to restrictions imposed by Infinex. Because Infinex is engaged by and paid by the third party investment advisor for the referral, any recommendation regarding a third party investment advisor as part of a referral presents a conflict of interest. Infinex addresses this conflict by providing the client with a disclosure statement explaining the role of Infinex and the IAR and the referral fee received by Infinex and the IAR. For more information regarding these arrangements, see Item 4 above.

In some cases, the third party investment advisers pay additional marketing payments to Infinex, its employees and/or IAR's to cover fees to attend conferences or reimbursement of expenses for workshops, seminars presented to IAR clients or advertising, marketing or practice management.

Cash in an investment advisory account that is awaiting investment or reinvestment at Pershing may be invested in the Sweep Program. Rates in the Sweep Program offered by Infinex will vary over time and may be higher or lower than the rate paid on other sweep options or other money market mutual funds not offered by Infinex as a cash sweep option. For more information regarding the Sweep Program, please see Item 5 above.

Pershing is the clearing firm for Infinex's brokerage and advisory business. Pershing provides significant compensation to Infinex to offset its general operating expenses based on the number of accounts and/or account assets held by Infinex. Compensation received consists of a fixed dollar amount per account and percentage of net new assets and total assets held in clearing accounts at Pershing. Due to the significant penalties Infinex would incur if Infinex terminated the contract with Pershing within the first several years of contract implementation, Infinex has an incentive to continue with the long-term contracts Infinex has in place with Pershing.

Pershing also shares with Infinex a portion of the fees you pay to Pershing for certain transactions and services provided to you. In other instances, Infinex applies its own fee or an additional amount to the fees charged by Pershing (a "markup"). Please see the Schedule of Brokerage Fees for Advisory Services at [www.infinexgroup.com/disclosures](http://www.infinexgroup.com/disclosures) for details on all of these fees, and footnote 1, which identifies each specific item which Infinex marks up. Our financial professionals typically do not receive any part of the revenue generated by these fees. The compensation Infinex receives in connection with these transactions and services is an additional source of revenue to Infinex and presents a conflict of interest because Infinex has a greater incentive to make available, recommend, or make investment decisions regarding investments and services that provide additional compensation to Infinex over those investments and services that do not. However, this compensation is retained by Infinex and is not shared with your IAR, so your IAR does not have a financial incentive to recommend transactions and services that trigger this compensation.

Please also refer to our Brokerage Account Commission & Fee Schedule located at [www.infinexgroup.com/disclosures](http://www.infinexgroup.com/disclosures) to find additional details regarding brokerage and custodial fees.



## **Client Referrals**

As described in Item 10, Infinex has entered into agreements with various Subscribing Institutions, pursuant to which the IARs may solicit applications from, negotiate with, and sell or offer investment services and products to customers of the Subscribing Institutions during the term of the agreement. Employees of the Subscribing Institutions may refer customers to Infinex and the Subscribing Institutions may pay them a referral fee under the guidelines of SEC Regulation R. The investment services and products marketed to the customers of Subscribing Institutions are offered and sold exclusively by IARs contracted by Infinex, who are licensed with the appropriate regulatory authorities pursuant to the applicable state and federal insurance and securities laws and regulations. The Subscribing Institution is compensated by Infinex in connection with the sales of all securities, insurance products and advisory fees. This referral compensation varies, but in situations where the financial professional is employed by the financial institution, the financial institution typically receives 80% to 95% of the investment advisory fees earned on such services. This range is lower in situations where the financial professional is not an employee of the financial institution, typically between 20% and 50% of the advisory fees. This referral arrangement does not result in any increase in the fees you pay to Infinex. The financial institution is paid directly by Infinex for the referral. The Subscribing Institution then shares a portion of the compensation with the IAR. The Subscribing Institution establishes the compensation plan for the IAR, which is subject to approval by Infinex. The compensation plan determines how the IAR's compensation is structured and the amount of compensation the IAR will receive. IARs have a financial incentive to recommend a particular service or product if under the compensation plan the recommended product will result in more compensation to the IAR than another product or service, including advisory versus brokerage services. If an IAR is recommending an advisory program or service, he or she must believe that the program or service is suitable and in the best interests of the client.

In addition, Infinex provides other forms of compensation to Subscribing Institutions, such as bonuses, awards or other things of value offered by Infinex to the institution. In particular, Infinex pays financial institutions in different ways, including payments based on production, payments in the form of repayable or forgivable loans, payments in connection with the transition of association from another broker-dealer or investment advisor firm to Infinex, advances of advisory fees, or attendance at Infinex's national conference or top producer forums and events. Infinex pays this compensation based on overall business production and/or on the amount of assets serviced in Infinex advisory programs. Subscribing Institutions are also eligible to receive compensation from Infinex in order to assist with offsetting time and expense in coordinating transfers of client accounts from third party investment platforms to Infinex's platform. As a result, the Subscribing Institution and IAR have a conflict of interest and financial incentive for the IAR to recommend the program account and services that will result in the greatest compensation to the Subscribing Institution and the IAR. If Infinex makes a loan to a new or existing Subscribing Institution, there is also a conflict of interest because Infinex's interest in collecting on the loan affects its ability to objectively supervise an IAR at that Subscribing Institution.

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

## **IAR Compensation**

The IAR recommending an advisory service receives compensation, directly from Infinex or indirectly through a Subscribing Institution, as the case may be. IARs are compensated by Infinex (directly or indirectly) as independent contractors and not as employees. This compensation includes a portion of the advisory fee and such portion received by IAR may be more than what IAR would receive at another investment advisor firm. Such compensation may include other types of compensation, such as bonuses, awards or other things of value offered by Infinex or the Subscribing Institution to the IAR. In particular, Infinex pays its IARs in different ways, for example:

- payments based on production
- payments in connection with the transition of association from another broker-dealer or investment advisor firm to Infinex
- payments in the form of repayable or forgivable loans
- advances of advisory fees

- reduction or elimination of certain costs or expenses otherwise payable by the IAR
- attendance at Infinex conferences and events.

Infinex pays IARs this compensation based on the IAR's overall business production and/or on the amount of assets serviced in Infinex advisory relationships. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other Infinex programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, in such case, the IAR has a financial incentive to recommend advisory services over other programs and services. However, an IAR may only recommend a program or service that he or she believes is suitable for you and in your best interest. Infinex has systems in place to review IAR-managed accounts for suitability over the course of the advisory relationship.

If an IAR has recently become associated with Infinex, he or she may have received payments from Infinex or the Subscribing Institution in connection with the transition from another broker-dealer or investment advisor firm. These payments, which may be significant, are intended to assist an IAR with the costs associated with the transition, such as moving expenses and termination fees associated with moving accounts; however, Infinex does not confirm the use of these payments for such transition costs. These payments can be in the form of loans to the IAR, which are repayable to Infinex or forgiven by Infinex based on years of service with Infinex (e.g., if the IAR remains with Infinex for 5 years) and/or the scope of business engaged in with Infinex, including the amount of advisory account assets with Infinex. The receipt of these payments creates a conflict of interest in that an IAR has a financial incentive to recommend that a client open and maintain an account with the IAR and Infinex for advisory and/or brokerage services. In addition, these transition payments create a conflict and an incentive to recommend switching investment products or services where a client's current investment options are not available through Infinex. Infinex and its IARs attempt to mitigate these conflicts of interest by evaluating and recommending that clients use Infinex's services based on the benefits that such services provide to clients, rather than the transition payments earned by any particular IAR. However, clients should be aware of this conflict and take it into consideration in making a decision whether to establish or maintain a relationship with Infinex. If Infinex makes a loan to a new or existing IAR, there is also a conflict of interest because Infinex's interest in collecting on the loan affects its ability to objectively supervise the IAR.

#### **Item 15: CUSTODY & ACCOUNT STATEMENTS**

Clients will receive account statements directly from Pershing on at least a quarterly basis showing all transactions in the account during the reporting period. Please review Pershing's account statements carefully. Any discrepancies should be reported promptly to our Compliance Department by email at [compliance@infinexgroup.com](mailto:compliance@infinexgroup.com) or by telephone at (203) 599-6000.

#### **Item 16: INVESTMENT DISCRETION**

All grants of discretionary authority must be in writing. If a client wishes to impose reasonable limitations on the portfolio manager's discretionary authority, such limitations must be included in the client agreement or otherwise submitted to us in writing. The client may change or amend these limitations, as desired, by written instruction to the attention of our Chief Compliance Officer by email at [compliance@infinexgroup.com](mailto:compliance@infinexgroup.com) or by telephone at (203) 599-6000, or by mail to the address shown on the cover page of this Brochure. Clients should be aware that under the terms of each program and any separate agreement between the client and a third-party portfolio manager, the third-party manager may not accept limitations on its authority.

#### **ITEM 17: VOTING CLIENT SECURITIES**

We require the client to retain responsibility for voting all account securities. We will not vote, exercise rights, make elections, or take other such actions with respect to securities held for accounts we manage. If desired, a client may instruct us in writing to forward to the client or a third-party materials we receive pertaining to proxy solicitations or similar matters. Upon receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard account proxy and related materials.

Clients may obtain proxy materials directly by written request to the account's custodian. For information about how to obtain proxy materials from a custodian, clients may contact us by email at [compliance@infinexgroup.com](mailto:compliance@infinexgroup.com), or by mail to the address on the front of this Brochure. However, we do not provide advice about the issues raised by proxy solicitations or other requests for corporate action.

Similarly, we do not advise or exercise rights, make elections, or take other actions with respect to legal proceedings involving companies whose securities are or were held in a client's account, such as asserting claims or voting in bankruptcy or reorganization proceedings, or filing "proofs of claim" in class action litigation. If desired, a client may instruct us in writing to forward to the client or a third party any materials we receive pertaining to such matters. Upon our receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard such materials. Written instructions should be sent by email to [compliance@infinexgroup.com](mailto:compliance@infinexgroup.com) or by telephone at (203) 599-6000, or by mail to the address shown on the cover page of this Brochure.

#### **Item 18: FINANCIAL INFORMATION**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Infinex's financial condition. Infinex has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.