



# Wrap Fee Program Brochure

Form ADV, Part 2A, Appendix 1

March 31, 2023

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Osaic Institutions, Inc. If you have any questions about the contents of this Brochure, please contact us by email at [compliance@osaic.com](mailto:compliance@osaic.com), or by telephone at (203) 599-6000, or by mail at the address at the bottom of this page. 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.

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

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

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# 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 Osaic Institutions Adviser or by contacting our firm at [compliance@osaic.com](mailto:compliance@osaic.com) or at (203) 599-6000 or by downloading it at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

Since our last annual updating amendment on March 30, 2022, we have made the following material amendments to this Brochure:

- **Item 4 — Services, Fees and Compensation:** Disclosure has been added regarding the acquisition of Osaic Institutions Financial Holdings, Inc. (“OIFH”), the holding company of Osaic Institutions, Inc. (“Osaic Institutions”), by Osaic Holdings, Inc. (“OHI”) on October 3, 2022.
- **Item 4 — Services, Fees and Compensation:** The Envestnet Portfolio Programs and Lockwood Investment Strategies Program are no longer offered by Osaic Institutions and all references and disclosures regarding the programs have been deleted.
- **Item 4 — Services, Fees and Compensation:** The disclosure regarding compensation received by Osaic Institutions from Pershing LLC, its clearing broker, has been updated to reflect new compensation arrangements.
- **Item 4 — Services, Fees and Compensation:** Disclosure has been added regarding the Pershing Sweep Program, including the sweeping of client free credit balances to Pershing, compensation received by Osaic Institutions in connection with the Pershing Sweep Program and related conflicts of interest of Osaic Institutions in connection with the Pershing Sweep Program.
- **Item 5 — Account Requirements and Types of Clients:** Disclosure has been amended to reflect a lower account minimum of \$50,000 for the Envestnet UMA Program.
- **Item 9 — Additional Information:** The corporate structure of Osaic Institutions has been updated to reflect the acquisition of OIFH by OHI.
- **Item 9 — Additional Information:** Disclosure has been added regarding the entities now related to Osaic Institutions as a result of the acquisition of OIFH by OHI.
- **Item 9 — Additional Information:** A description has been added regarding the referral of customers to certain related parties of Osaic Institutions.
- **Item 9 — Additional Information:** The disclosure regarding compensation received by Osaic Institutions from Pershing LLC, its clearing broker, has been updated to reflect new compensation arrangements.

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# Item 4 - Services, fees and compensation

## A. Firm background and principal owners

Osaic Institutions, Inc. (referred to as “Osaic Institutions,” “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. Osaic Institutions is owned 100% by Osaic Institutions Financial Holdings, Inc (“OIFH”). On October 3, 2022, OIFH was acquired 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 Family 2006 Trust.

Osaic Institutions’ advisory services are made available to clients through individuals associated with Osaic Institutions as investment adviser 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 Osaic Institutions at [compliance@osaic.com](mailto:compliance@osaic.com).

Osaic Institutions sponsors several wrap fee programs that are described in this Brochure. These programs include (1) discretionary and nondiscretionary accounts that are managed by IARs, (2) discretionary asset management programs offered by Osaic Institutions through agreements with Envestnet Portfolio Solutions, Inc. (“Envestnet”) and Lockwood Advisors, Inc. (“Lockwood”), and (3) other discretionary asset management programs offered through certain third-party asset managers. Each of these programs is described below. Osaic Institutions also sponsors other wrap fee programs. Clients can obtain a copy of the brochure for each of these wrap fee programs by contacting your IAR or by contacting our firm at [compliance@osaic.com](mailto:compliance@osaic.com) or at (203) 599-6000 or by downloading it at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

As noted above, Osaic Institutions is also a broker-dealer registered with FINRA, and IARs are typically also registered with Osaic Institutions as 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 Osaic Institutions.

### 1. Osaic Institutions Adviser Managed Account Program

Osaic Institutions offers to clients a wrap fee program known as the Adviser Managed Account Program (the “AMAP Program”). The AMAP Program provides clients with an investment advisory account managed by the IAR on either a discretionary or nondiscretionary basis. “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 adviser to buy, sell or hold investment positions without obtaining pre-approval from clients for each transaction. With an AMAP account, the IAR assists the client in developing a personalized asset allocation program and custom-tailored portfolio designed to meet the client's investment objectives. The recommended portfolio may include investments such as mutual fund shares, exchange traded funds ("ETFs"), variable annuities, stocks, bonds, traded and non-traded real estate investment trusts ("REITs") or a combination of these investments. The AMAP account will typically consist of a percentage of securities from various asset classes. The percentage weightings within asset classes will be based upon the client's risk profile, investment objectives, individual preferences and availability. For accounts that include securities transferred in kind, the weightings may also be affected by factors such as tax basis and other client preferences.

If a client is interested in the AMAP Program, the IAR will obtain the necessary financial data from the client, assist the client in determining the suitability for the AMAP Account and help establish investment objectives. The client will open an AMAP account by signing a written agreement that authorizes Osaic Institutions and the IAR to purchase and sell securities in your account in accordance with your investment objectives. In discretionary accounts, the IAR can buy and sell securities without your prior consent. In nondiscretionary accounts, the IAR must obtain your consent before any transactions in the account take place.

Upon acceptance of an AMAP account by Osaic Institutions, the client will direct Osaic Institutions, in its capacity as an introducing broker-dealer, to open a brokerage account with Osaic Institutions' clearing broker, Pershing, LLC ("Pershing"). Pershing will generally provide all custody, trade execution, clearing, trade confirmations and regular statements of positions and account activity. In addition, Osaic Institutions has contracted with Envestnet to prepare quarterly reports showing the account composition, portfolio performance, current asset allocation and current portfolio activity. The IARs are given access to these quarterly reports and may or may not forward them along to the client. Clients in the AMAP Program that would like to receive these reports should contact their IAR or contact Osaic Institutions at the address on the Cover of this Brochure. Neither Osaic Institutions nor the IAR reviews the performance information provided by Envestnet to determine its accuracy.

## AMAP program fees

Clients participating in the AMAP Program will generally pay one fee for the advisory services of Osaic Institutions and, except as otherwise set forth in the investment advisory agreement, for all brokerage and custodial fees. The maximum AMAP Program fee schedule is set forth below and is expressed in terms of an annual percentage of account asset size.

Discretionary Accounts 1.85% per annum

Nondiscretionary Accounts 1.85% per annum

Fees for the AMAP Program are charged quarterly in advance as shown in the client agreement. Fees are based upon the average daily fair market value of the assets in the account from the previous calendar quarter. Fees are prorated for accounts that are opened or closed during the quarter. A prorated fee is not charged on contributions made to the account during the quarter. Likewise, a prorated refund is not credited back to the client for partial withdrawals made during a quarter. The client instructs Pershing to deduct the fee from the client's account. AMAP Program accounts are subject to a minimum account size of \$50,000 and a minimum program fee of \$30 per year. Clients may terminate their advisory agreement at any time upon written notice to Osaic Institutions. Any paid but unearned fees will be returned to the client.

## 2. Envestnet and Lockwood investment advisory programs

Osaic Institutions offers two investment advisory programs through its agreements with Envestnet and Lockwood. Envestnet and Lockwood are independent third-party money managers and offer a variety of discretionary asset management programs. These programs include managed portfolios comprised of mutual funds (both “no load” and “load waived” funds), ETFs, equity securities and fixed income securities. These programs also provide access to other portfolio and asset managers reviewed and selected by Envestnet or Lockwood.

Asset management programs offered through Envestnet include the following:

- Fund strategist programs
  - Foundations Portfolios
  - Envestnet Fund Strategist Program
- SMA Program
- UMA Program

Asset management programs offered through Lockwood include the following:

- Lockwood Asset Allocation Program
- Lockwood AdvisorFlex Program
- Lockwood SMA

The IAR may recommend one or more of Osaic Institutions’ investment advisory programs administered by either Envestnet or Lockwood (the “Investment Manager”). Once a specific program is selected, the IAR assists the client in completing a detailed investment profile. The investment profile identifies a number of important factors, including the client’s investment objectives, risk tolerance, time horizon, liquidity needs and financial situation. Based upon the client’s investment profile, the client’s assets are allocated into an investment portfolio designed to meet the needs and objectives of the client. The Investment Manager will act as the discretionary portfolio manager or, depending on the program, the investment management authority will be delegated to a portfolio manager selected by the client. This means that the Investment Manager (or other portfolio manager) can select mutual funds and other securities for the account, modify models and asset allocations, rebalance the account and liquidate positions to generate cash for withdrawals by the client and for the payment of account fees without first getting the client’s permission. In general, the Investment Manager is responsible for reviewing and selecting investments in the client’s portfolio. With respect to the UMA Program, the IAR will act as a discretionary asset manager and is responsible for reviewing and selecting investments in the client’s portfolio and for selecting and changing managers of separately managed accounts in the client’s portfolio.

Once a program has been selected by the client, the client will sign an investment advisory agreement with Osaic Institutions and the Investment Manager. The advisory agreement authorizes the management of the account by the Investment Manager under the terms and conditions of the program selected. In addition, one or more brokerage accounts will be opened through Osaic Institutions acting in its capacity as a broker-dealer. Pershing serves as custodian and clearing broker-dealer for Osaic Institutions’ asset management program accounts. Pershing executes and clears purchase and sale orders placed by the Investment Manager in

the client's account, provides transaction confirmations, account statements, annual reports, prospectuses, and tax information, and maintains custody of client cash and securities.

The Investment Manager provides quarterly reports to the IARs showing the account composition, portfolio performance, current asset allocation and current portfolio activity. The IARs are given access to these quarterly reports and may or may not forward them along to the client. Clients in these programs that would like to receive these reports should contact their IAR or contact Osaic Institutions at the address on the Cover of this Brochure. Neither Osaic Institutions nor the IAR reviews the performance information provided by the Investment Manager to determine its accuracy.

IARs will typically contact their clients on a quarterly basis, but at least annually, to review the account and inquire about changes in the client's financial information or investment objectives. Clients remain responsible for notifying Osaic Institutions and their IAR of any material changes in their investment profiles. The Investment Manager will rebalance the account as needed based upon market conditions and when the portfolio has deviated from its target asset allocation. Clients may impose reasonable restrictions on certain securities and types of securities in the Envestnet and Lockwood Investment Advisory Program accounts.

The specific details of each asset allocation program offered through Envestnet and Lockwood are contained in the client's advisory agreement and in the Form ADV Part 2A Brochure or other disclosure document for the Investment Manager. Clients interested in the Envestnet program or Lockwood program should carefully review these documents before opening an account.

## Envestnet and Lockwood investment advisory program fees

### *Envestnet program fees*

The program fee for the Envestnet program depends upon which program is selected by the client. The maximum aggregate annual program fee for Envestnet program ranges from 1.9% to 2.6% of account value per year. The actual annual fee will be shown in the client's advisory agreement. Minimum account fees range from \$10 to \$100 per year. As described below, the Envestnet program fees are negotiable. The Envestnet program fees are charged quarterly in advance, as shown in the client agreement, and are based upon the average daily fair market value of the assets in the account from the previous calendar quarter. Clients may terminate their Envestnet agreement without penalty within five (5) business days of the execution of the advisory agreement. Fees are prorated for accounts that are opened or closed during the quarter. A prorated fee is not charged on contributions made to the account during the quarter. Likewise, a prorated refund is not credited back to the client for partial withdrawals made during a quarter. The portfolio manager instructs Pershing to deduct the fee from the client's account. The portion of the program fees paid to the portfolio manager is set forth in Envestnet's brochure.

### *Lockwood program fees*

The Lockwood program fees are expressed in terms of an annual percentage of account value. With respect to the Lockwood SMA Program and Investment Strategies Program, the actual fees depend, in part, on the fees of the portfolio managers. These fees typically range from .20% to .75% of assets annually. The schedule below assumes an average portfolio manager fee of .35% for fixed income accounts and .50% for equity and other accounts. Information about the specific fees for portfolio managers will be provided to the client.

Lockwood Asset Allocation Program & AdvisorFlex Program	
Account value	Annual fee rate
First \$250,000	1.75% per annum
Next \$250,000	1.50% per annum
Next \$500,000	1.25% per annum
Amounts over \$1,000,000	1.00% per annum

Lockwood SMA Program - Equity & Investment Strategies Account	
Account value	Annual fee rate
First \$500,000	2.60% per annum
Next \$500,000	2.25% per annum
Next \$1,000,000	2.00% per annum
Amounts over \$2,000,000	1.85% per annum

Lockwood SMA Program - Fixed Income Account	
Account value	Annual fee rate
First \$500,000	1.85% per annum
Next \$500,000	1.58% per annum
Next \$1,000,000	1.35% per annum
Amounts over \$2,000,000	1.20% per annum

The Lockwood program fees above are the maximum fees charged a program account. As described below, the Lockwood program fees are negotiable. Clients may terminate their Lockwood program advisory agreement without penalty within five (5) business days of the execution of the advisory agreement. Otherwise, clients may terminate their advisory agreement at any time upon written notice to Osaic Institutions and Lockwood. Since fees are charged quarterly in advance, the client will be refunded any prepaid but unearned fees. If a client transfers account assets in-kind upon termination, there is no termination fee. If a client requires liquidation of account assets and delivery of cash upon termination and the account has been open for less than one year, Lockwood charges a liquidation fee of \$300.

At the inception of a Lockwood program account, fees are billed from the date the account is opened through the end of that calendar quarter in advance. Thereafter, fees are billed in advance for the next calendar quarter based on the value of the assets at the end of the prior calendar quarter. For

post-inception deposits in excess of \$5,000, prorated fees on each deposit will be charged.

### 3. Third-party asset manager program

Osaic Institutions provides clients with the opportunity to have their investment portfolios professionally managed by other, independent third-party asset managers who are not affiliated with Osaic Institutions. Osaic Institutions has negotiated arrangements with certain independent asset managers selected to participate in the program. Asset managers must satisfy Osaic Institutions' due diligence review process before they are selected for the program. In limited situations, we may limit the services provided by some asset managers to a "service only" relationship, under which no new client assets are placed under the asset manager's management. The investment strategies and types of investments utilized by each of the asset managers participating in the program vary, and the IAR will recommend a specific third-party asset manager based on the investment profile provided by clients. As part of these third-party services, the IAR typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and assists the client in opening an account with the third-party asset manager. In addition, depending on the type of program, the IAR may assist the client to select a model portfolio of securities designed by the asset manager or select a portfolio management firm to provide discretionary asset management services. It is the third-party investment adviser (and not the IAR) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to investment objective chosen by the client. This authorization will be set out in the client agreement. The Brochure for the particular asset manager will explain whether clients may impose restrictions on investing in certain securities or types of securities.

In particular, Osaic Institutions currently offers third-party advisory services sponsored by, among others: SEI, AssetMark Investment Services and Orion Advisor Solutions. The IAR contacts clients at least annually to determine whether there have been any changes to their investment profile, and we remind clients to notify us of any such changes on a quarterly basis.

The Third-Party Asset Manager Program includes investment portfolio analysis, asset allocation modeling and analysis, trade execution, performance monitoring, portfolio reporting and other related investment services. Under the program, clients enter an agreement with the third-party asset manager. The agreement typically provides the asset manager with trading discretion to determine which products to purchase, sell and/or exchange on behalf of clients without having to obtain client approval for each transaction initiated. Upon request, IARs are available for periodic consultations with clients to evaluate the performance of their managed portfolios. Since each asset manager is uniquely structured with different investment products, please ensure that you carefully review (i) the asset manager's Form ADV Part 2A and 2B or alternate disclosure brochure for specific program descriptions, (ii) the asset manager's client agreement for specific contractual terms, and (iii) any additional disclosure or offering documentation provided by the asset manager related to its services or investment products. Among other important information, the third-party asset manager's Form ADV Part 2A and 2B or alternate disclosure brochure will have specific information describing methods of analysis and investment strategies, conflicts of interest, disciplinary actions, fee calculation and deduction, fee schedules, refund policies, minimum account sizes, termination procedures, and proxy voting policies (which may permit you to nominate the third-party asset manager to exercise voting rights regarding your investments).

### Third-party asset manager program fees

The fees of third-party asset managers are assessed directly by the asset managers and generally billed

on a quarterly basis, starting at the inception of the account. Fees are detailed in the respective third-party asset manager's client agreement, fee schedule and/or Form ADV, Part 2A Brochure disclosure brochure. Fees for the third-party asset managers are generally determined by the client's IAR, subject to maximum fees set by each third-party asset manager. Third-party asset managers' fees are calculated based on the fair market value of the assets being managed. Osaic Institutions and the IAR receive a portion of the fees charged by the third-party asset managers pursuant to our arrangement with them.

## B. Negotiation of fees

The program fees described in this Brochure represent Osaic Institutions' maximum program fees for the services shown. Osaic Institutions 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 Osaic Institutions 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.

## C. Information about wrap fee programs

The AMAP Program, the Osaic Institutions Advisory Platforms offered through Envestnet and Lockwood and the Third-Party Asset Manager Program are offered as "wrap fee" programs. We do not manage accounts that do not participate in wrap fee or similar programs. Osaic Institutions and the IAR receive a portion of the wrap fee shown in the client's advisory agreement, and the remainder of the wrap fee is paid to Envestnet or Lockwood, as appropriate, for their services in the programs, to the third-party managers who manage accounts in the programs, and to Pershing for its services related to the execution, clearance, and settlement of transactions and custody of assets for the accounts.

Wrap fee programs have important differences from traditional investment management arrangements. In a traditional arrangement, the client pays advisory fees for the investment adviser's services in managing the client's portfolio, and pays brokerage commissions and other transaction costs for a broker-dealer's services in executing trades placed by the investment adviser.

In a wrap fee program, the client pays a single fee based on a percentage of the account's value that includes the services of the account's investment adviser and broker-dealer. The client is not charged separate commissions or other transaction costs for each trade, subject to specific exceptions stated in each program's agreements. Although wrap fee programs can be beneficial for some clients, they are not appropriate for everyone. Some clients may pay higher overall costs in a wrap program than in a traditional program where they pay separately for investment advisory services and brokerage costs.

The benefits of a wrap fee arrangement depend on a number of factors, particularly the amount of the wrap fee, the number and frequency of account trades, and the types of securities the account will trade. A wrap fee arrangement is likely to be more beneficial for accounts that expect relatively frequent trading, such as where the account intends to pursue an active trading strategy. In that case, the single wrap fee may cost less than the combined investment advisory fees and brokerage commissions that would be charged in a traditional arrangement. Conversely, an account that does not expect to trade frequently and has a relatively small number of trades each year may find a wrap fee arrangement to be more costly than

paying the separate costs of brokerage commissions and fees for investment advice.

Clients are cautioned to review the information in the disclosure brochure for wrap programs they are considering to understand the costs and factors they should consider when deciding whether to participate in (or to continue to participate in) the programs. Clients should also consider that lower cost programs that provide similar advisory, brokerage, and custodial services may be available through other advisers and broker-dealers, either through a wrap fee or on a separate cost basis. No assumption can be made that any particular fee arrangement, including wrap fee arrangements or portfolio management services of any nature, will provide better returns than other investment strategies.

Fees paid by clients 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 the wrap fee compensation may be more than what the IAR would receive if the client participated in other programs of Osaic Institutions, or paid separately for investment advice, brokerage and other services. Therefore, while wrap account compensation cannot be determined in advance, the IAR may have an incentive to recommend a wrap fee program over other programs or services.

Further, clients should consider that the wrap fee arrangement creates a disincentive to trade wrap fee accounts because the execution costs of each trade will reduce the profit from the wrap fee. A wrap sponsor may have an incentive to limit referrals to or outright exclude from its program portfolio managers that trade actively. We monitor the programs and the accounts in an on-going effort to identify instances where these conflicts of interest may adversely affect our clients. However, our efforts may not always be successful in preventing or addressing the effects of these conflicts.

## D. Additional expenses

### Third-party fees and charges

There are other fees and charges that are imposed by third parties other than Osaic Institutions that apply to investments in Osaic Institutions' wrap fee programs. Some of these fees and charges are described below. If a client's assets are invested in mutual funds or other pooled investment products, clients should be aware that there will be two layers of advisory fees and expenses for those assets. Clients will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. In the case of mutual funds that are fund of funds, there could be an additional layer of fees, including performance fees that may vary depending on the performance of the fund. Clients will also pay Osaic Institutions and the IAR the advisory fee with respect to those assets. Most of the mutual funds available in the program can be purchased directly. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of Osaic Institutions and the IAR and by making their own decisions regarding the investment.

All advisory accounts may invest in mutual funds that make a distribution payment referred to as a 12b-1 fee. Pershing, Osaic Institutions' clearing firm, has been instructed to credit any 12b-1 fees received to the client's account. As a result, neither Osaic Institutions nor the IARs receive 12b-1 fees from mutual funds purchased in the accounts. In addition to advisory fees, some IARs earn sales incentives or awards based on the value of assets under management, investment products sold, number of sales, client referrals, amount of new deposits or amount of new accounts. Some IARs also receive forgivable loans

from Osaic Institutions or the depository institution that they are affiliated with, which are conditioned on the IAR retaining Osaic Institutions' broker-dealer and/or registered investment adviser services. This additional economic benefit creates a conflict of interest for the IAR to retain affiliation with Osaic Institutions in order to avoid repayment on a loan.

If a client transfers into an 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 the client holds a variable annuity as part of an account, there are mortality expenses 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 client holds a REIT as part of an account, there are dealer management fees and other organizational, offering and pricing expenses imposed by the REIT, as applicable. If client holds a UIT in an account, UIT sponsors charge creation and development fees or similar fees. Further information regarding fees assessed by a mutual fund, variable annuity, REIT or UIT is available in the appropriate prospectus or offering document, which is available upon request from the IAR or from the product sponsor directly.

When transferring securities into an account, the client should be aware that certain securities may not be eligible for the account. In such case, the securities may be rejected, sold after the transfer, or moved to a brokerage account. Note that when an ineligible security is transferred into an account and subsequently sold or moved to a brokerage account, the advisory fee will be charged on such asset for the period of time the security was held in the account. The 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 account, the 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, the client should consider and speak to the IAR about whether:

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

## Pershing relationship

Pershing is the clearing firm for Osaic Institutions' brokerage and advisory business. Pershing provides significant compensation to Osaic Institutions to offset its general operating expenses based on the number of accounts and/or account assets held by Osaic Institutions. 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 Osaic Institutions would incur if Osaic Institutions terminated the contract with Pershing within the first several years of contract implementation, Osaic Institutions has an incentive to continue with the long-term contracts Osaic Institutions has in place with Pershing.

Although Pershing's clearing and custody fees are included in the client's investment advisory fee, there are other Pershing fees the client will be required to pay. Pershing shares with Osaic Institutions

a portion of the fees you pay to Pershing for certain transactions and services provided to you. In other instances, Osaic Institutions 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 [osaic.com/disclosures](https://osaic.com/disclosures) for details on all of these fees, and footnote 1, which identifies each specific item which Osaic Institutions marks up. Our financial professionals typically do not receive any part of the revenue generated by these fees. The compensation Osaic Institutions receives in connection with these transactions and services is an additional source of revenue to Osaic Institutions and presents a conflict of interest because Osaic Institutions has a greater incentive to make available, recommend, or make investment decisions regarding investments and services that provide additional compensation to Osaic Institutions over those investments and services that do not. However, this compensation is retained by Osaic Institutions 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 [osaic.com/disclosures](https://osaic.com/disclosures) to find additional details regarding brokerage and custodial fees.

## Investments in mutual funds

There are instances when Osaic Institutions advisers and third-party managers select share classes of mutual funds that pay Osaic Institutions 12b-1, distributor, transaction, and/or revenue-sharing fees when lower-cost institutional or advisory share classes of the same mutual fund exist that do not pay Osaic Institutions additional fees. As a matter of policy and as described above, Osaic Institutions credits the mutual fund 12b-1 fees it receives from mutual funds purchased or held in Osaic Institutions managed accounts back to the client accounts paying such 12b-1 fees.

In most cases, mutual fund companies offer multiple share classes of the same mutual fund. Some share classes of a fund charge higher internal expenses, whereas other share classes of a fund charge lower internal expenses. Institutional and advisory share classes typically have lower expense ratios and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. Mutual funds that offer institutional share classes, advisory share classes, and other share classes with lower expense ratios are available to investors who meet specific eligibility requirements that are described in the mutual fund’s prospectus or its statement of additional information. These eligibility requirements include, but may not be limited to, investments meeting certain minimum dollar amounts and accounts that the fund considers qualified fee-based programs. The lowest-cost mutual fund share class for a particular fund may not be offered through Osaic Institutions or made available by Osaic Institutions for purchase within specific types of Osaic Institutions program accounts. Clients should never assume that they will be invested in the share class with the lowest possible expense ratio or cost.

Osaic Institutions urges clients to discuss with their IAR whether lower-cost share classes are available in their particular program account. Clients should also ask their IAR why the particular funds or other investments that will be purchased or held in their managed account are appropriate for them in consideration of their expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, trading frequency, the amount of the advisory fee charged, whether the client will pay transaction charges for fund purchases and sales, whether clients will pay higher internal fund expenses in lieu of transaction charges that could adversely affect long-term performance, and relevant tax considerations. Your IAR may recommend, select, or continue to hold a fund share class that charges you higher internal expenses than other available share classes for the same fund. Further information regarding fees and charges assessed by a mutual fund is available in the appropriate mutual fund prospectus.

## Pershing Sweep Program

When a client's 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 Osaic Institutions, 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*

Osaic Institutions 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, Osaic Institutions, 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 Osaic Institutions, 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*

Osaic Institutions 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, Osaic Institutions 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, Osaic Institutions 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 Osaic Institutions, 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.

Osaic Institutions does not receive any additional compensation from the Fund.

For additional information about the [Sweep Program](#), please visit our website located at [osaic.com/disclosures](https://osaic.com/disclosures).

## Material conflicts of interest

Because the Sweep Program generates payments from third parties to Osaic Institutions, a conflict of interest exists. A conflict of interest also arises because Osaic Institutions 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 Osaic Institutions 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 Osaic Institutions to recommend and offer a Sweep Program over which they have control of certain functions. Osaic Institutions 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 Osaic Institutions. Osaic Institutions 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. Osaic Institutions maintains policies and procedures to ensure recommendations made to the client are in the client's best interest.

## Item 5 - Account requirements and types of clients

The following minimum account sizes apply to the wrap account programs we offer:

### *AMAP Program*

- \$50,000 with a minimum annual fee of \$30

### *Investnet Programs*

- \$5,000 for the Foundations Portfolios with a minimum annual fee of \$10;
- Investnet Fund Strategist Program – Dependent upon the selected manager, but may be as low as \$10,000 with a minimum annual fee of \$50;
- UMA Program - Dependent upon the selected manager, but may be as low as \$50,000 with a minimum annual fee of \$100;
- SMA Program - Dependent upon the selected manager(s), but may be as low as \$100,000 with a minimum annual fee of \$100;
- \$25,000 for the Portfolio Planner ETF and Index Plus Programs; and
- \$50,000 for Portfolio Planner Direct and Select Programs

### *Lockwood Programs*

- \$5,000 for Lockwood Asset Allocation and AdvisorFlex Programs;
- \$100,000 for Lockwood SMA Program; and
- \$250,000 for Lockwood Investment Strategies Program.

Osaic Institutions 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. Account minimums may be negotiable by the IAR depending upon the program.

# Item 6 - Portfolio manager selection and evaluation

## A. Selection and review of portfolio managers

The IARs generally determine which portfolio managers to recommend to clients. Osaic Institutions selects portfolio managers for its wrap fee programs based upon the nature of the products offered and services provided. Osaic Institutions may also add or remove portfolio managers from the program based upon the requests of the IARs. In general, Osaic Institutions performs an annual due diligence review of the portfolio managers that it selects for its wrap fee program. Among other things, Osaic Institutions reviews performance data provided by the portfolio managers, financial information and regulatory history.

Lockwood and Envestnet conduct research and due diligence with respect to the various third-party investment managers (the “Managers”) included on their platforms. Lockwood is responsible for identifying and selecting the Managers that will participate in the Lockwood program, while Osaic Institutions selects managers for the Envestnet program from a list screened by Envestnet. Lockwood and Envestnet provide information to Osaic Institutions regarding each Manager’s investment discipline and approach. Lockwood and Envestnet use proprietary processes for screening and evaluating Managers that focuses on quantitative factors such as historical performance and volatility, as well as the Manager’s reputation and approach to investing, to determine if the Managers are suitable for the Program. They also conduct periodic evaluations of the Managers. Lockwood and Envestnet verify the information provided by the Managers by comparing it to other data from publicly available sources, as well as through proprietary technical, quantitative, and qualitative analyses, including attribution analysis and risk analysis. Lockwood and Envestnet maintain full discretionary authority to hire and fire the Managers.

In connection with the Third-Party Asset Manager Program, asset managers must satisfy Osaic Institutions’ due diligence review process before they are selected for the program. In addition, Osaic Institutions performs an annual due diligence review of each asset manager. In limited situations, we may limit the services provided by some asset managers to a “service only” relationship, under which no new client assets are placed under the asset manager’s management.

Osaic Institutions does not audit, verify, or guarantee the accuracy, completeness, or methods of calculation of any historic or future performance or other information provided by Lockwood, Envestnet, any Manager or any other asset manager. There can be no assurance that the performance information from Lockwood, Envestnet, any Manager, or other source is or will be calculated on any uniform or consistent basis or has been or will be calculated according to or based on any industry or other standards.

## B. Advisory business

In addition to providing the wrap fee services described in this Brochure, Osaic Institutions provides a variety of investment advisory services. These services include financial planning and consulting services and employee benefit retirement plan services. Clients interested in these services should review Osaic Institutions’ Form ADV, Part 2A Brochure.

## C. Tailored advisory services and client-imposed restrictions

When the IAR serves as the portfolio manager in the AMAP Program, we tailor our advice to the specific needs and objectives of the client. The IAR will help the client to understand and complete an account profile or questionnaire so that it accurately reflects the account's financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations, and will also answer client questions about the programs and our services. Using specialized software, the IAR produces a report that proposes an asset allocation strategy based on the client's investment profile to assist the client in selecting a suitable program, portfolio, and where applicable, separate account manager. We permit clients to impose reasonable restrictions on the types of securities we recommend for their account, and permit clients to change the restrictions by written instruction to us.

Accounts are managed to reflect the allocation and achieve the objectives of the program and portfolio which the client has selected, subject to reasonable restrictions imposed by the client. Due to client restrictions and other differences regarding each account, performance of a client's account may be different from the performance of other accounts in the same program or portfolio. On an on-going basis, the account's portfolio manager reviews and adjusts the portfolios to ensure they continue to reflect the intended allocations and objectives, as well as any reasonable restrictions imposed by the client.

## D. Methods of analysis, investment strategies and risk of loss

When the IAR serves as the portfolio manager in the AMAP Program, each account's IAR will provide, on behalf of Osaic Institutions, the investment analyses, strategies, recommendations, and where discretion is granted, trading instructions for the account, to the extent of Osaic Institutions' responsibilities described in this Brochure, without prior consultation with Osaic Institutions. Osaic Institutions supervises the activities of its IARs, but does not generally manage or make investment decisions or recommendations with respect to specific AMAP Program accounts or Envestnet Select Program accounts. The IARs are authorized to exercise on Osaic Institutions' behalf all discretion or other authority granted by clients to Osaic Institutions.

Below, we describe the methods of analysis and investment strategies generally used by IARs in formulating advice and managing accounts on behalf of Osaic Institutions. Each IAR, however, determines the methods of analysis and strategies to be used in advising and managing his or her ICAAP Program accounts and Envestnet Select Program 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.

### 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.

## 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.

## Fundamental analysis

We may 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.

## 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 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 number 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.

## Real estate investment trust (REIT)

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 Osaic Institutions.

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.

## D. 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@osaic.com](mailto:compliance@osaic.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@osaic.com](mailto:compliance@osaic.com) or by telephone at (203) 599-6000, or by mail to the address shown on the cover page of this Brochure.

## Item 7 - Client information provided to portfolio managers

The IAR will collect information regarding the client's financial situation, investment objectives, financial goals, tolerance for risk and investment time horizon, among other characteristics. This information is provided to Osaic Institutions as the portfolio manager. This information is updated as Osaic Institutions receives updated information from the client.

## Item 8 - Client contact with portfolio managers

The client's primary contact with respect to the programs and the account will be the IAR. The IAR will be available to answer questions about the administration of the account, and general questions about the programs and model portfolios. If a client has questions which the IAR cannot answer, clients are encouraged to contact Osaic Institutions directly, at the address or telephone number shown on the front of this Brochure. Knowledgeable personnel are available to answer client questions. Clients are permitted to contact the portfolio managers directly.

## Item 9 - Additional information

### A. 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, Osaic Institutions, along with 78 other investment advisory firms, 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, Osaic Institutions 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 Osaic Institutions, 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, Osaic Institutions 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. Osaic Institutions also agreed to undertake a review and to correct all relevant disclosure documents concerning mutual fund share class selection and 12b-1 fees. Lastly, Osaic Institutions 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 Osaic Institutions.

In July of 2018, Osaic Institutions 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, Osaic Institutions consented to a censure, fine of \$125,000, restitution of \$59,409.40 to client accounts, and the engagement of a consultant to review Osaic Institutions’ policies and procedures.

Osaic Institutions, 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 Osaic Institutions and its registered representatives of certain unit investment trusts (“UITs”). The findings were related to Osaic Institutions’ 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, Osaic Institutions 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 Osaic Institutions and its registered representatives of certain non-traditional exchange traded funds. Without admitting or denying the findings, Osaic Institutions agreed to a censure and a fine of \$75,000. In addition, Osaic Institutions agreed to pay restitution to customers who lost money in these transactions in the amount of approximately \$287,000.

## B. Other financial industry activities and 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 advisers. 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.

## Corporate structure

Osaic Institutions is a wholly owned subsidiary of Osaic Institutions Financial Holdings, Inc. (“OIFH”). On October 3, 2022, OIFH was acquired 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

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

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

Osaic Institutions 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. (“OI”). OI is a wholly owned subsidiary of Osaic Holdings, Inc.

Osaic, Inc. Holding Company	100% owned by OHI
Osaic Wealth, Inc. Registered Investment Adviser, Broker-Dealer	100% owned by OI
Financial Service Corporation (FS Corp) Holding Company	100% owned by OI
FSC Securities Corporation Registered Investment Adviser, Broker-Dealer	100% owned by FS Corp
Woodbury Financial Services, Inc. Registered Investment Adviser, Broker-Dealer	100% owned by OI
Vision2020 Wealth Management Corp. Registered Investment Adviser	100% owned by OI

The following chart details the Related Persons which are not wholly owned subsidiaries of OHI or OI. 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 Adviser	100% owned by Black Diamond Financial Holdings, LLC
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## Broker-dealer and insurance products and services

As noted in Item 4, Osaic Institutions is registered with the SEC and 50 states as a broker-dealer and is a member of FINRA. Osaic Institutions’ 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 Osaic Institutions and the IARs are separately licensed as registered principals or representatives of Osaic Institutions. Osaic Institutions’ 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 Osaic Institutions 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 Osaic Institutions 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 “*Osaic Institutions Program*,” and depository institutions which offer the Osaic Institutions Program to their customers are referred to as “*Subscribing Institutions*.” In consideration for allowing Osaic Institutions to offer products and services to their customers on the

institution's premises, Osaic Institutions pays to each Subscribing Institution a revenue sharing payment, calculated upon the commissions and other compensation generated by Osaic Institutions on sales to the Subscribing Institution's customers and others. The IARs are independent contractors of Osaic Institutions and are often employed by the Subscribing Institution.

As a registered broker-dealer, Osaic Institutions has entered into a fully disclosed clearing agreement with Pershing under which Pershing provides clearing, custody and recordkeeping services for Osaic Institutions brokerage client accounts. In connection with these services and depending upon the type of investment advisory account, clients with Osaic Institutions 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 Osaic Institutions.

Osaic Institutions 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 Osaic Institutions 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 Osaic Institutions 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 Osaic Institutions' investment advisory and asset management programs.

It is expected that Osaic Institutions 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 Osaic Institutions 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.

Osaic Institutions, 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 programs will be processed.

Clients who want to participate in Osaic Institutions' asset allocation program are required to utilize Osaic Institutions for these purposes. Osaic Institutions clears its securities transactions on a fully disclosed basis through Pershing. Pershing's fees for clearing and custody services are included in the client's advisory fee, although there are other Pershing fees the client will be required to pay. Because our managed accounts direct the use of the broker-dealer, we do not negotiate commissions with other broker-dealers or obtain volume discounts, and our accounts may not necessarily obtain best execution for all transactions. Clients should understand that Osaic Institutions and its IARs have a conflict of interest with respect to transactions effected through Osaic Institutions.

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, Osaic Institutions 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.

## 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. Osaic Institutions 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 Osaic Institutions 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 adviser 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 Osaic Institutions 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 Osaic Institutions 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. Osaic Institutions has a conflict of interest when recommending LTAM to clients. IARs receive compensation that varies depending on the third-party managers recommended. Osaic Institutions 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 Osaic Institutions 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 advisers

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.

# C. Code of ethics, interest in transactions and personal trading

## Code of ethics, interest in transactions and personal trading

Osaic Institutions has adopted a code of ethics that includes guidelines regarding personal securities transactions of its employees and IARs. The code of ethics permits Osaic Institutions employees and IARs to invest for their own personal accounts in the same securities that Osaic Institutions 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. Osaic Institutions addresses this conflict of interest by requiring in its code of ethics that Osaic Institutions employees and IARs report certain personal securities transactions and holdings to Osaic Institutions. Osaic Institutions 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 Osaic Institutions and the IAR, this presents a conflict of interest. The compensation to the IAR and Osaic Institutions 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 Osaic Institutions and the IAR.

If the client decides to implement the recommendations received pursuant to a financial plan or consulting services through an Osaic Institutions 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 Osaic Institutions will receive in connection with that program. The Brochures are also available at [adviserinfo.sec.gov](https://adviserinfo.sec.gov).

If the client desires instead to purchase securities in a brokerage account through IAR acting as a registered representative of Osaic Institutions, Osaic Institutions and IAR will receive brokerage-related compensation for those services, such as commissions and/or trail fees. Osaic Institutions provides information regarding such brokerage compensation at the time of a brokerage transaction and also on its website at [osaic.com/disclosures](https://osaic.com/disclosures). When considering whether to implement recommendations received pursuant to a financial plan or consulting services through IAR and Osaic Institutions, clients should discuss with the IAR how Osaic Institutions 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 Osaic Institutions. 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 advisers or other investment firms not affiliated with Osaic Institutions.

A portion of the fee to the IAR may be paid by the IAR to his or her Osaic Institutions branch manager or another Osaic Institutions 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, Osaic Institutions' 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 Osaic Institutions and the IAR based on the interest rate and the amount of the outstanding loan. The LoanAdvance program creates a conflict because Osaic Institutions 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 Osaic Institutions' 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 Osaic Institutions. 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.

Osaic Institutions and its IARs have an interest in continuing to receive investment advisory fees, which gives Osaic Institutions and its IARs an incentive to recommend that clients borrow money rather than liquidate some of their assets managed by Osaic Institutions and the IAR. This incentive creates a conflict of interest for Osaic Institutions 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 Osaic Institutions and its IARs are compensated primarily through advisory fees paid on clients' accounts, Osaic Institutions 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, Osaic Institutions and its IARs have a financial incentive to recommend that the client invest those assets in the account, because Osaic Institutions 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 Osaic Institutions and its IARs perform advisory and/or brokerage services for various other clients, and that Osaic Institutions 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.

## D. Review of accounts

Accounts that participate in managed account (wrap) programs and for which we serve as portfolio manager are reviewed at least quarterly by the IAR to evaluate consistency of the portfolio with current account investment objectives, and target asset allocation and weighting. More frequent reviews can be triggered by significant market or economic factors, or changes in the client's financial situation, large withdrawals or significant deposits, or changes in account objectives, liquidity needs, or risk tolerance. For other managed accounts for which we do not serve as the portfolio manager, the IAR reviews the account on at least an annual basis to evaluate whether investment objectives are being met.

We notify the client periodically to contact the IAR of changes in the account's financial situation or investment objectives, or any reasonable account restrictions the client wishes to impose or modify.

At least annually, the IAR will contact the client to determine if there have been any changes in the account's financial situation or investment objectives, or if the client wishes to impose or modify any reasonable account restrictions.

## E. Client referrals and other compensation

### Other compensation

As a broker-dealer, investment adviser and insurance producer, Osaic Institutions offers a large number of products to our customers. It is important to know that a number of companies whose products are offered through Osaic Institutions pay extra compensation to Osaic Institutions. 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 Osaic Institutions varies by Product Partner. In general, Product Partners may compensate Osaic Institutions by paying (i) a fixed dollar amount or paying a sponsorship fee for an Osaic Institutions 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 Osaic Institutions differing amounts of revenue sharing, for which the Product Partner receives different benefits.

In addition, Osaic Institutions, Osaic Institutions 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 Osaic Institutions do not pay more to purchase the products of Product Partners through Osaic Institutions. This additional compensation to Osaic Institutions creates a conflict and incentive for Osaic Institutions and its IARs to promote Product Partner products over other products. Osaic Institutions 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.

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

Pershing is the clearing firm for Osaic Institutions' brokerage and advisory business. Pershing provides significant compensation to Osaic Institutions to offset its general operating expenses based on the number of accounts and/or account assets held by Osaic Institutions. 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 Osaic Institutions would incur if Osaic Institutions terminated the contract with Pershing within the first several years of contract implementation, Osaic Institutions has an incentive to continue with the long-term contracts Osaic Institutions has in place with Pershing.

Osaic Institutions, in its capacity as a broker-dealer and member of FINRA, will be the primary broker-dealer through which securities transactions in the asset management program will be processed. Clients who want to participate in Osaic Institutions' asset management program are required to utilize Osaic Institutions for these purposes. Osaic Institutions clears its securities transactions on a fully disclosed basis through Pershing. Although Pershing's clearing and custody fees are included in the client's investment advisory fee, there are other miscellaneous Pershing fees the client will be required to pay. These include ACAT fees, IRA maintenance fees, inactive account fees, account termination fees, paper statement fees, wire transfer fees and other costs and expenses. Pershing shares with Osaic Institutions a portion of the fees you pay to Pershing for certain transactions and services provided to you. In other instances, Osaic Institutions 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 [osaic.com/disclosures](https://osaic.com/disclosures) for details on all of these fees, and footnote 1, which identifies each specific item which Osaic Institutions marks up. Our financial professionals typically do not receive any part of the revenue generated by these fees. The compensation Osaic Institutions receives in connection with these transactions and services is an additional source of revenue to Osaic Institutions and presents a conflict of interest because Osaic Institutions has a greater incentive to make available, recommend, or make investment decisions regarding investments and services that provide additional compensation to Osaic Institutions over those investments and services that do not. However, this compensation is retained by Osaic Institutions 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 [osaic.com/disclosures](https://osaic.com/disclosures) to find additional details regarding brokerage and custodial fees.

## Client referrals

As described above, Osaic Institutions 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 Osaic Institutions 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 Osaic Institutions, 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 Osaic Institutions 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 Osaic Institutions. The financial institution is paid directly by Osaic Institutions 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 Osaic Institutions. 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, Osaic Institutions provides other forms of compensation to Subscribing Institutions, such as bonuses, awards or other things of value offered by Osaic Institutions to the institution. In particular, Osaic Institutions 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 adviser firm to Osaic Institutions, advances of advisory fees, or attendance at Osaic Institutions' national conference or top producer forums and events. Osaic Institutions pays this compensation based on overall business production and/or on the amount of assets serviced in Osaic Institutions advisory programs. Subscribing Institutions are also eligible to receive compensation from Osaic Institutions in order to assist with offsetting time and expense in coordinating transfers of client accounts from third-party investment platforms to Osaic Institutions' 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 Osaic Institutions makes a loan to a new or existing Subscribing Institution, there is also a conflict of interest because Osaic Institutions' 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 Osaic Institutions 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 Osaic Institutions or indirectly through a Subscribing Institution, as the case may be. IARs are compensated by Osaic Institutions (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 adviser firm. Such compensation may include other types of compensation, such as bonuses, awards or other things of value offered by Osaic Institutions or the Subscribing Institution to the IAR. In particular, Osaic Institutions 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 adviser firm to Osaic Institutions
- 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 Osaic Institutions conferences and events.

Osaic Institutions pays IARs this compensation based on the IAR's overall business production and/or on the amount of assets serviced in Osaic Institutions advisory relationships. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other Osaic Institutions programs, programs of other investment advisers 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. Osaic Institutions 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 Osaic Institutions, he or she may have received payments from Osaic Institutions or the Subscribing Institution in connection with the transition from another broker-dealer or investment adviser 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, Osaic Institutions 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 Osaic Institutions or forgiven by Osaic Institutions based on years of service with Osaic Institutions (e.g., if the IAR remains with Osaic Institutions for 5 years) and/or the scope of business engaged in with Osaic Institutions, including the amount of advisory account assets with Osaic Institutions. 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 Osaic Institutions 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 Osaic Institutions. Osaic Institutions and its IARs attempt to mitigate these conflicts of interest by evaluating and recommending that clients use Osaic Institutions' 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 Osaic Institutions. If Osaic Institutions makes a loan to a new or existing IAR, there is also a conflict of interest because Osaic Institutions' interest in collecting on the loan affects its ability to objectively supervise the IAR.

## F. Client reports

Clients will receive quarterly (or monthly if there is activity in the account during the month) brokerage statements from Pershing showing all activity in the account. In addition, Investnet and Lockwood provide quarterly reports to the IARs showing the account composition, portfolio performance, current asset allocation and current portfolio activity. The IARs are given access to these quarterly reports and may or may not forward them along to the client. Clients in these programs that would like to receive these reports should contact their IAR or contact Osaic Institutions at the address on the cover of this Brochure.

Investment and insurance products and services are offered through Osaic Institutions, Inc., Member FINRA/SIPC. Osaic Institutions and the bank/credit union are not affiliated. Products and services made available through Osaic Institutions are not insured by the FDIC/NCUA or any other agency of the United States and are not deposits or obligations of nor guaranteed or insured by any bank, bank affiliate, credit union, or credit union affiliate. These products are subject to investment risk, including the possible loss of value.