

## ADV PART 2A

### ITEM 1 – COVER PAGE

#### Cetera Investment Advisers LLC

1450 American Lane, STE 650

Schaumburg, IL 60173

800.245.0467

[www.cetera.com/clients-cetera-investment-services](http://www.cetera.com/clients-cetera-investment-services)

October 11, 2023

This brochure provides important information about Cetera Investment Advisers LLC (Firm, us, our, or we). You should use this brochure to understand the relationship between you, the Firm, and your investment adviser representative (Advisor). If you have any questions about the contents of this brochure, please contact us at 800.245.0467, ext. 64001. The U.S. Securities and Exchange Commission (SEC) and state securities authorities have not approved or verified the information in this disclosure brochure.

The Firm is registered with the Securities and Exchange Commission (SEC) as a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The information in this brochure has not been approved nor verified by the SEC or by any state securities authority.

Additional information about the Firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (select "investment adviser firm" and type in our name).

Kristy Haley  
Chief Compliance Officer  
655 W. Broadway, 12th Floor  
San Diego, CA 92101  
800.879.8100  
[www.cetera.com](http://www.cetera.com)



INVESTMENT  
ADVISERS LLC

## ITEM 2 – MATERIAL CHANGES

Item 2 provides a summary of material changes, if any, the Firm has made to this brochure since the last annual update, which occurred in March 2023.

### **Will I receive a brochure every year?**

We may, at any time, update this brochure. Any material changes will either be sent to you as a summary of those changes or, depending on the extent of these changes, you will receive the entire updated brochure.

### **May I request additional copies of the brochure?**

Absolutely. You may request and receive additional copies of this brochure in one of three ways:

- Contact the Advisor with whom you are working with
- Download the brochure from the SEC website at [www.adviserinfo.gov](http://www.adviserinfo.gov). Select “investment adviser firm” and type in our Firm name
- Contact the Advisory Services Department at 800.245.0467, ext. 64001.

Securities and insurance products are offered through Cetera Investment Services LLC (doing insurance business in CA as CFG STC Insurance Agency LLC), member FINRA/SIPC. Cetera Investment Services LLC is not affiliated with any financial institution where investment services are offered.

**Investments are: \*Not FDIC/NCUSIF insured \*May lose value \*Not financial institution guaranteed \*Not a deposit \*Not insured by any federal government agency.**

## ITEM 3 – TABLE OF CONTENTS

ITEM 1	COVER PAGE .....	0
ITEM 2	MATERIAL CHANGES .....	1
ITEM 3	TABLE OF CONTENTS .....	2
ITEM 4	ADVISORY BUSINESS .....	3
ITEM 5	FEES AND COMPENSATION .....	13
ITEM 6	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	17
ITEM 7	TYPES OF CLIENTS .....	17
ITEM 8	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	17
ITEM 9	DISCIPLINARY INFORMATION .....	20
ITEM 10	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	21
ITEM 11	CODE OF ETHICS .....	22
ITEM 12	BROKERAGE PRACTICES .....	23
ITEM 13	REVIEW OF ACCOUNTS .....	25
ITEM 14	CLIENT REFERRALS AND OTHER COMPENSATION .....	25
ITEM 15	CUSTODY .....	34
ITEM 16	INVESTMENT DISCRETION .....	34
ITEM 17	VOTING CLIENT SECURITIES (I.E., PROXY VOTING) .....	35
ITEM 18	FINANCIAL INFORMATION .....	35

## ITEM 4 – ADVISORY BUSINESS

### **Who We Are**

Since 1983, Cetera Investment Advisers LLC (the “Firm”) has provided investment advisory services designed to help clients fulfill their financial goals. The Firm conducts business throughout the United States through investment adviser representatives (“Financial Advisors or “Advisors”) who are independent contractors registered with Cetera Investment Services, LLC.

As of December 31, 2022, Cetera Investment Advisers had \$33,356,369,942 in assets under management, of which \$30,328,476,149 was managed on a discretionary basis and \$3,027,893,792 was managed on a non-discretionary basis.

The Firm is a wholly-owned subsidiary of Cetera Financial Group, Inc. (Cetera), a Delaware corporation, which is wholly-owned by Aretec Group, Inc. (Aretec). Aretec is a wholly-owned subsidiary of GC Two Intermediate Holdings, Inc., and an indirect wholly-owned subsidiary of GC Two Holdings, Inc. Please refer to Item 10 of this brochure for more information on our corporate structure.

### **Getting to Know You Better**

Most advisory relationships begin with an initial client meeting. Typically, meetings are done in person, over the telephone, or through email communications. The purpose of this initial meeting is to discuss with your Advisor your investment history, goals, objectives, and concerns as it relates to the management of your account.

The investment advisory services provided by Cetera Investment Advisers depend largely on the personal information the client provides to the Advisor. For Cetera Investment Advisers to provide appropriate investment advice to, or, in the case of discretionary accounts, make appropriate investment decisions for, the client, it is very important that clients provide accurate and complete responses to their Advisor’s questions about their financial condition, needs and objectives, and any reasonable restrictions they wish to apply to the securities or types of securities to be bought, sold, or held in their managed account. It is also important that clients inform their Advisor of any changes in their financial condition, investment objectives, personal circumstances, and reasonable investment restrictions on the account, if any, which may affect the client’s overall investment goals and strategies.

### **Important Considerations Prior to Opening an Account**

The list below is meant to provide you with general overviews of several important facts that are common with the advisory programs that we offer. While the list below is not meant to include every possible situation, we do consider and take into account the following:

#### *Reasonable Restrictions*

By stating in the Investment Policy Statement (IPS) proposal or sending a written request to your advisor, you may impose reasonable restrictions on the management of your account. For example, a reasonable restriction may indicate your desire that we do not invest in a certain sector or industry. Your advisor will also proactively reaffirm with you any modifications you may have to these restrictions at least on an annual basis during your normally scheduled client review meetings. Pursuant to any restriction(s) you may suggest, your advisor will document this upon receipt.

However, your advisor may refuse to accept or manage your account if he/she determines that such restrictions are unreasonable. In the event that your advisor is unable to accept your restriction, he/she will give you the opportunity to modify or withdraw the restriction.

#### *Deposits and/or Withdrawals*

Unless specifically stated, you may make additions to or withdrawals from your account at any time. If your account falls below the minimum required account value, we may terminate your account. You may also add securities to your account; however, note that we reserve the right to not accept particular securities into your account.

#### *Trading Authorization*

Advisory accounts typically involve the purchase and/or sale of securities. Accounts are managed either on a discretionary or non-discretionary basis, but may be solely discretionary depending on the program.

## *Trade Confirmations*

You will receive a trade confirmation from your account custodian for each security transaction placed in your account. Trade confirmation suppression is available upon client request. However, for certain programs other than APM (defined below), unless you uncheck a box on the signature page of the client agreement, you will not receive a separate confirmation for each transaction. In lieu of separate trade confirmations, information from the confirmation will be reported at least quarterly via the brokerage account statement.

## *Quarterly Performance Reports*

On a calendar quarter basis, you may receive a performance report that indicates how your account has performed over time. If you have any questions regarding the performance of your account, please contact your Advisor.

## *Minimum Account Opening Balance*

Each advisory program requires a program-specific minimum account opening balance. At its sole discretion, the Firm may waive the minimum account size. If you establish a new account and deposit funds less than the minimum opening balance requirement, your funds will not be managed until the minimum dollar amount is met. Your cash will be placed into a money market fund until the minimum opening balance requirements are met. Your balance in the money market fund is not insured or guaranteed against loss.

## **Important Note about Wrap Fee Programs**

Most third-party money management programs (TPMM), as well as all of the Firm-Sponsored programs, with the exception of Preferred Asset Management® (under the circumstances described below), are considered “wrap fee” programs in which the client pays a specified fee for portfolio management services and trade execution. Wrap fee programs differ from other programs in that the fee structure for wrap programs is all-inclusive, whereas non-wrap fee programs assess trade execution costs that are in addition to the investment advisory fees.

Prime Portfolio Services accounts are managed by your Advisor in accordance with his or her own investment methodology and philosophy.

The other wrap fee programs sponsored by Cetera Investment Advisers and described in the firm's Appendix 1 Wrap Brochure, are managed by a third-party money manager. Wrap fee programs are managed in accordance with the investment methodology and philosophy used by the respective third-party money manager. Cetera Investment Advisers receives a portion of the investment advisory fee you pay to your Advisor when you participate in any of our programs.

Our Advisors may create investment models based on investment advice provided by Cetera Investment Management LLC (CIM), an affiliated registered investment adviser. This advice could include basic asset allocation advice, or advice regarding specific securities.

One of the subsidiaries of Aretec, Cetera Financial Holdings Inc., owns multiple other investment advisers, including CIM. We use research and model portfolios provided by CIM in many of our programs. A conflict of interest exists due to these affiliations. We attempt to mitigate this risk by ensuring that policies and procedures are in place requiring our Advisors to exercise their fiduciary responsibilities when recommending investments to clients. Client fees are not increased if Advisors use Cetera research or model portfolios, and Cetera receives no compensation when their services are used by Advisors of Cetera Investment Advisers. Our Advisors' recommendations must only take into account what programs or services are best for each client.

## **More Detail About our Advisor Services**

The Firm has developed several advisory services and programs to give you as much flexibility as possible. The specific advisory program selected by you may cost you more or less than purchasing program services separately. Factors that bear upon the cost of a particular advisory program in relation to the cost of the same services purchased separately include, but may not be limited to, the type and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and client-related services provided to the account.

The following is a list of our advisory programs:

- Firm-Sponsored Programs
  - a. Preferred Asset Management®
  - b. Prime Portfolio Services\*
  - c. Mutual Fund/Exchange-Traded Funds Advisory Program\*
  - d. Next Generation Managed Account (xMA®) Program\*
  - e. InvestPath Program\*
- Co-Sponsored Programs – My Advice Architect Program\*\*
- Third-Party Money Management Programs
- Financial Planning
- Consulting Services
- Plan Advice and Consulting Services

\*Programs indicated with an asterisk above are considered wrap fee programs sponsored by us. Please refer to our Appendix 1 – Wrap Fee Brochure for more specific details about these programs.

\*\*Please refer to the My Advice Architect wrap brochure, as included in the Form ADV Appendix 1 of the related investment advisory firm who also co-sponsors this platform, Cetera Advisory Services LLC (CAS).

### **Preferred Asset Management and Prime Portfolio Services**

We sponsor the Preferred Asset Management (Preferred) and Prime Portfolio Services (Prime). In these programs, your Advisor will create a mix of investments that are appropriate for your investment goals. The benefit of opening these types of accounts includes:

- Individualized management of your account
- Annual reviews of your account

#### *Types of Securities*

Your Advisor will purchase securities on your behalf based on your goals and objectives. In order to meet your needs, we provide a wide range of investment choices for you to consider. Some of the securities we may offer to you include, but are not limited to:

- General securities (stocks and bonds)
- Covered call options and protective put options
- Fixed income securities
- Mutual funds
- Structured products
- Exchange traded funds
- Unit investment trusts

#### *Minimum Account Opening Balance*

In general, we require a minimum deposit of \$50,000 to open a Preferred or Prime Account. Your opening balance may include both cash and securities.

Depending on a number of factors, we may waive the minimum required balance, including whether or not you have other accounts with us.

### **Additional Information for Preferred and Prime Accounts**

#### *Cetera Investment Services NTF Mutual Funds*

We offer a wide range of mutual funds, including mutual funds in the Cetera Investment Services NTF (non-transaction fee) mutual fund program. This program is maintained by our affiliate, Cetera Investment Services LLC. Cetera Investment Services, at its sole discretion, may add or remove mutual funds from the NTF program without prior notice. In the Cetera

Investment Services NTF program, transaction costs are waived on purchases that would normally carry a transaction charge, which may provide your Advisor with an incentive to recommend a Cetera Investment Services NTF mutual fund. This incentive is increased if you have a Prime Account due to the fact that your Advisor pays for the transaction costs. Your Advisor has an economic incentive to recommend mutual funds included in the Cetera Investment Services NTF program and therefore this represents a conflict of interest.

### *Trading Authorization*

A Preferred or Prime Account can be managed either on a discretionary or non-discretionary basis.

### *Borrowing Money (Margin Accounts)*

A margin account is an account where you may borrow funds for the purpose of purchasing additional securities. You may also use a margin account to borrow money to pay for fees associated with your account or to withdraw funds. If you decide to open a margin account, please carefully consider the following:

- If you do not have available cash in your account and use margin, you are borrowing money to purchase securities, pay for fees associated with your account or withdraw funds.
- You are using the securities that you own as collateral.
- Money borrowed is charged an interest rate that is subject to change over time.
- Your Advisor has a conflict of interest when recommending that you purchase or sell securities using borrowed money. This conflict occurs because your advisory fee is based on the total market value of the securities and cash balances in your account. If you have a margin debit balance (in other words you have borrowed and owe money to the Firm), your margin debit balance does not reduce the total market value. In fact, since you have borrowed money to purchase additional shares, the total market value of your account will be higher, which results in a higher advisory fee.

Please also carefully review the margin disclosure document for additional risks involved in opening a margin account.

### **My Advice Architect Platform**

Cetera Investment Advisers LLC is a co-advisor to the My Advice Architect Platform (MAA Platform) and is responsible for supervising the activities of the investment adviser representatives who use the Program for clients. For a more detailed description of the Program and the role of Cetera Investment Advisers and its investment adviser representatives role, please see our affiliate's, Cetera Advisory Services' Form ADV Part 2A and the My Advice Architect Appendix 1 Wrap Brochure.

### **Third-Party Money Manager Programs**

Our third-party money manager (TPMM) programs provide you with the opportunity to have your portfolio professionally managed by outside money managers. TPMM programs offers clients access to a variety of model portfolios with varying levels of risk from which they may choose. TPMM program accounts are not managed by Cetera Investment Advisers; rather, they are managed by one or more third- party money managers on a discretionary basis, and they may consist of a variety of different securities types, including stocks, bonds, and mutual funds. Cetera Investment Advisers is not the sponsor of these TPMM programs. The Firm charges its IARs an administrative fee for the client accounts held at TPMMs. This administrative fee is calculated by the Firm based on the advisory fees that the IAR has received from the TPMMs. There is a conflict of interest associated with this fee for your IAR, as it creates a financial disincentive to recommend TPMM products to you.

Cetera Investment Advisers may act in either a "promoter" or "subadviser" capacity when it offers TPMM programs to Advisors' clients, as described below:

**Promoter:** When acting as a promoter for the TPMM program, Cetera Investment Advisers and your Advisor do not provide advisory services in relation to the TPMM program. Instead, your Advisor will assist you in selecting one or more TPMM programs believed to be suitable for you based on your stated financial situation, investment objectives, and financial goals. The TPMM will be responsible for assessing the suitability of their products against your risk profile. Cetera Investment Advisers and your Advisor are compensated for referring you to the TPMM program. This compensation generally takes the form of the TPMM sharing a percentage of the advisory fee you pay to the TPMM with Cetera Investment Advisers and your Advisor. When we act as a promoter for a TPMM program, you will receive a written promoter disclosure statement describing the nature of our



relationship with the TPMM program, if any; the terms of our compensation arrangement with the TPMM program, including a description of the compensation that we will receive for referring you to the TPMM program; and the amount, if any, that you will be charged in addition to the advisory fee that you will pay to the TPMM as a result of our referral of you to the TPMM program.

**Adviser or Subadviser:** Under an adviser or subadviser relationship between Cetera Investment Advisers and the sponsor of the TPMM program, we are jointly responsible for the ongoing management of the account. Your Advisor is responsible for assisting you with completing the investor profile questionnaire. While each TPMM may have a different name for their questionnaire, your responses will assist your Advisor with understanding your investment objectives, financial situation, risk tolerance, investment time horizon and other personal information. Based on the answers that you provide to your Advisor, he or she will assist you in determining which TPMM model or portfolio strategy is appropriate for you. As part of establishing a new account, you will receive both our disclosure brochure as well as the TPMM's disclosure brochure.

Since each TPMM is uniquely structured with different investment products, please ensure that you carefully review all documents provided to you on behalf of the TPMM. These include, but are not limited to:

- The TPMM's Form ADV Part 2A or Disclosure Brochure for specific program descriptions.
- The TPMM's Client Agreement as well as any other agreement entered into regarding a TPMM program, for specific contractual terms (including fees, billing methods, administrative and other fees, etc.).
- Any additional disclosure or offering documents provided by the TPMM in connection with investment products.

## **Financial Planning**

*(Agreement # 012 - program closed)*

Financial planning typically involves providing a variety of services to individuals or entities regarding the management of their financial resources based upon an analysis of their individual needs. Generally, financial planning services involve preparing a financial program for a client based on the client's financial circumstances and objectives. The information provided as part of this service would normally cover present and anticipated assets and liabilities, including insurance, savings, investments, and anticipated retirement or other employee benefits.

The advice that is provided to you by your Advisor may include general recommendations for a course of activity, or specific actions, to be taken by you.

Traditional financial planning involves meeting with you to determine your financial goals and objectives. We then develop and deliver to you a written financial plan. At that point, our advisory relationship is typically concluded.

### *Initial Client Meeting*

The purpose of this meeting is to discuss with you specific areas of concern and potential planning areas. During this meeting, your Advisor will work with you to determine whether or not a financial plan is appropriate for your specific circumstance.

As part of your initial meeting, or as a separate meeting, your Advisor will review all necessary documents for him/her to develop a financial plan for you. These documents may include, among other things, brokerage statements, income tax statements, a current will, other financial plans, business agreements, retirement information, etc.

### *Developing a Financial Plan*

Based on the information that your Advisor gathers about your specific circumstance, a financial plan will be developed for you. Your Advisor may use various computer software tools to assist them in creating the financial plan. While our Advisors will not provide tax or legal advice, with written permission from you, they may speak with your attorney and/or tax professional.

### *Financial plans may consist of:*

**Financial Position** – Financial position review encompasses a review of your current financial position, including a review of your current cash flow. This type of review typically involves reviewing your net worth, cash flow, budget, debt, and investment accounts.

**Retirement Planning** – Retirement planning typically consists of analyzing your current or expected future retirement needs. Based on your current level of retirement savings, additional retirement accounts (such as an IRA or Roth IRA) may be recommended, or additional contributions to your existing company retirement plan may be recommended.



If you have an account in a company retirement plan that falls under ERISA (such as a 401(k), defined benefit plan, etc.), your Advisor may provide education on your company retirement account but not specific investment advice. The education that they provide to you will be limited to:

- General principles for investing, overall asset allocation strategies, and general information about the options currently available in your plan.
- Your Advisor may consider the amount of assets you hold in your company retirement plan in order to determine and recommend an overall investment strategy for you.
- Your Advisor may not provide you with specific investment advice regarding investments held within your company retirement plan. This includes recommending that you invest a certain percentage into an investment option held within your company plan.

**Insurance Analysis** – Insurance analysis typically consists of analyzing your current or expected insurance needs. Based on your specific circumstances, such as, number of dependents and the age of the members in your household, your Advisor may suggest the need to increase or decrease the amount of insurance you currently have. Certain states do not allow us to charge you a separate fee to review your insurance needs.

**Education Planning** – Your Advisor may review your current or future needs as it relates to paying for education expenses for you or your dependents. This type of review typically analyzes the amount of money you are saving for education expenses.

**Tax Efficient Investing Strategies** – As part of the consulting services, your Advisor may not provide you with tax advice. However, your Advisor may assist you in designing an investment strategy to maximize the tax efficiency of your portfolio.

#### *Advice Provided*

The financial plan will provide you with recommendations and advice tailored to your specific financial goals, objectives, and situation. You are under no obligation to act on the advice that is given to you. If you choose to act on any of the advice given to you, you are under no obligation to open any accounts with us, and you may, in fact, open accounts with firms that are not affiliated with us.

#### *Delivering the Plan*

Your Advisor will deliver and explain the financial plan or a letter recapping the advice that is being provided to you.

#### **Consulting Services**

*(Agreements # 152, 152A, 654, and 654A - program closed)*

Consulting services, while similar to traditional financial planning, provide you with several distinct services. These include the ability for your Advisor to provide a broader range of financial advice and services, including the ability to provide specific security recommendations. The services are offered to you over a longer period of time (up to three years).

#### *Consulting Services Term*

Consulting services allow our Advisors to provide continuous advice to you for the duration of the consulting service contract. The contract is in effect for three years from the time you initially sign the contract. The contract may be terminated earlier at the request of you or us. If you wish to continue the consulting arrangement after the contract expires, you will need to execute a new contract with another three year term.

#### *Initial Client Meeting*

The purpose of this meeting is to discuss your current and future goals and objectives. During this meeting, your Advisor will explain the consulting process, set reasonable expectations with you, and discuss any initial concerns that you may have.

As part of your initial meeting, or as a separate meeting, your Advisor will review all necessary documents for him/her to develop a course of action for you. These documents may include, among others, brokerage statements, income tax statements, current will, other financial plans, businesses agreements, retirement information, etc.

### *Subsequent Review Meetings*

Based on the services provided to you, your Advisor will schedule subsequent meetings to discuss the status of recommended actions. These meetings occur in a number of ways, including over the telephone, in person, or via email.

### *Advice Provided*

The consulting services your Advisor provides will include recommendations and advice tailored to your specific financial goals, objectives and situation. You are under no obligation to act on the advice that is given to you. If you choose to act on any of the advice given to you, you are under no obligation to open any accounts with us, and you may, in fact, open accounts with firms that are not affiliated with us.

### *Fee Invoice*

On a quarterly, semi-annual or annual basis, you will receive an invoice from your advisor describing the services provided to you and the cost of the services or advice. Your consulting fee is paid for in arrears. This means that your fees pay for advisory services that you received in the prior quarter, six months or 12 months.

## **Consulting Agreement Program and Services** *(Agreements # 669 and 669A)*

### *Initial Client Meeting*

The purpose of this meeting is to discuss your current and future goals and objectives. During this meeting, your Advisor will explain the consulting and planning process, set reasonable expectations with you, and discuss any initial concerns that you may have.

As part of your initial meeting, or as a separate meeting, your Advisor will review pertinent documents for him/her to develop a course of action for you. These documents may include, among others, brokerage statements, income tax statements, current will, other financial plans, business agreements, retirement information, etc.

*Types of services (may include but are not limited to the following):*

**Asset Allocation** – Providing guidance to asset class recommendations or product recommendations. If the Advisor provides investment advice to you in another advisory account, then the Advisor cannot charge any fee for the asset allocation services provided under the Fee for Service Consulting Program.

**Business Planning** – Providing business planning, such as cash flow analysis, sales forecasting, investment capital, retirement benefits, tax strategy, business goals and targets.

**Cash Flow and Budgeting Analysis** – A process of examining your cash inflow and outflow during a stated period, providing debt strategies, and providing budget and savings implementation strategies.

**Charitable Giving Solutions** – Providing recommendations for charitable gift giving that may result in income reduction, reduction of estate taxes or providing you with other tax breaks.

**Education Planning** – Providing advice on education planning, savings strategies, gifting and or budgeting strategies for your family's educational needs.

**Estate and Multigenerational Planning** – Providing education or assistance to clients with an estate attorney regarding general strategy and generational wealth transfer strategies.

**Financial Position** – Financial position review encompasses a review of your current financial position, including a review of your current cash flow. This type of review typically involves reviewing your net worth, cash flow, budget, debt, and investment accounts.

**General Analysis and Planning** – Financial analysis and planning advice for achieving a financial objective or task to meet your needs.

**Insurance Analysis** – Insurance analysis typically consists of analyzing your current or expected insurance needs. Based on your specific circumstances, such as, number of dependents and the age of the members in your household, your Advisor may suggest the need to increase or decrease the amount of insurance you currently have. Certain states do not allow us to charge a separate fee to review your insurance needs.

**Retirement Planning and Analysis** – Retirement planning typically consists of analyzing your current or expected future retirement needs. Based on your current level of retirement savings, additional retirement accounts (such as an IRA or Roth IRA) may be recommended, or additional contributions to your existing company retirement plan may be recommended.

**Participant Education Services** – Offering general investment education services to plan participants at scheduled meetings or at such other times, in accordance with the Department of Labor's exclusions for investment education from its definition of advice, which includes general investment information. If you have an account in a company retirement plan, your Advisor may provide the following participant education services on your company retirement account:

- General principles for investing, overall asset allocation strategies, and general information about the options currently available in your plan.
- Your Advisor may consider the amount of assets you hold in your company retirement plan in order to determine and recommend an overall investment strategy for you.

**Participant Investment Advice** – Furnishing "investment advice" to participants that have accounts in employer sponsored plans subject to ERISA Section 3(21)(A)(ii) as well as investment advice to participants that have accounts in employer sponsored plans that are not subject to ERISA, relating to any participant-directed investments under their retirement plan(s).

**Tax Efficient Investing Strategies** – As part of the consulting services, your Advisor may not provide you with tax advice. However, your Advisor may assist you in designing an investment strategy to maximize the tax efficiency of your portfolio, advice on tax gain-loss harvesting, timing of purchases and sells, education on how charitable donations may qualify for tax deduction and advice on the types of retirement plans that an individual may use to help reduce tax liability.

**Wealth Accumulation and Preservation Strategies** – Providing you analysis of your net worth and assets and providing advice towards long term sustainable wealth.

#### *Term of Services*

The term of the Fee for Service Consulting agreement is determined at the time you and your Advisor execute the agreement. You will have an option of 5 months for Limited Consulting Services (described below) or 1 year, 2 years, 3 years, or to maintain an ongoing agreement until canceled (Ongoing Consulting Services). You will also have the option to select Limited Consulting Services (which may include Financial Planning) or Ongoing Consulting Services.

#### *Limited Consulting Services*

Under the Limited Consulting services, you may receive any of the Types of Services referenced above, and these services will be provided to you within five months.

#### *Ongoing Consulting Services*

Under the Ongoing Consulting services, you may receive any of the Types of Services and the term will be specified in your client agreement. You will have the option of 1 year, 2 years, 3 years, or an ongoing arrangement that can continue until canceled by either party.

#### *Advice Provided*

The consulting services your Advisor provides will include recommendations and advice tailored to your specific financial goals, objectives and situation. You are under no obligation to act on the advice that is given to you. If you choose to act on any of the advice given to you, you are under no obligation to open any accounts with us, and you may, in fact, open accounts with firms that are not related to us.

## *Fee Invoice*

On a monthly, quarterly, semi-annual or annual basis (annual in arrears only), you will receive an invoice for the services provided to you and the cost will be detailed in the invoice. You will have the option to pay the fees by credit card, debit card, or ACH through a third-party vendor, or you may pay by check.

## **Plan Advice and Consulting Services**

Retirement plans subject to the Employee Retirement Income Security Act of 1974 (ERISA) may retain an investment adviser representative of the Firm to provide advisory and consulting services to your retirement plan. In providing these services, Cetera Investment Advisers may act as a fiduciary, as defined under Section 3(21)(A)(ii) of ERISA, and will adhere to the provisions outlined by ERISA to provide the highest standard of care to qualified retirement plans.

### *Plan Advice and Consulting Program*

Fiduciary advisory services available under the Plan Advice and Consulting Program include:

- Investment policies and objectives – Reviewing and assisting in establishing investment policies and objectives on behalf of the plan and its related trust, which may reasonably include restrictions on the plan's investments.
- Preparation of Investment Policy Statement (IPS) – In consultation with the plan sponsor concerning the investment policies and objectives for the plan, an investment adviser representative may assist the plan sponsor in developing an IPS that is consistent with the requirements of ERISA. Cetera Investment Advisers cannot guarantee that the plan's investments will achieve the objectives in the IPS.
- Investment recommendations – An investment adviser representative may recommend, for selection by the plan sponsor, core investments to be offered to plan participants consistent with the plan's IPS or other relevant guidelines and ERISA. The Advisor may also recommend investment replacements if existing investments are no longer suitable.
- Investment manager recommendations – An Advisor may recommend "investment managers" within the meaning of ERISA Section 3(38) on behalf of the plan or designated investment managers to be offered as investment options for plan participants, as applicable. The Advisor may also recommend replacement managers if existing managers are no longer suitable. In limited circumstances, we may provide two investment lineups consisting of the same funds but different share classes of which the plan selects.
- Investment monitoring – An investment adviser representative may meet with the plan sponsor on a quarterly basis, or at such other times as the investment adviser representative and plan sponsor may mutually agree, to review the performance of the plan's investments or investment managers, as applicable, in accordance with the plan's IPS or other relevant guidelines and ERISA.
- Selection of a Qualified Default Investment Alternative – An investment adviser representative may recommend to the plan sponsor an investment fund product or model portfolio meeting the definition of a "Qualified Default Investment Alternative" (QDIA) in DOL Regulation §2550.404c-5(e)(3). If applicable, the guidelines for the QDIA shall be reflected in the IPS.

Non-fiduciary consulting services available under the Plan Advice and Consulting Program include:

- Charter for a fiduciary committee – In consultation with the plan sponsor, an investment adviser representative may assist in developing a charter for the plan sponsor's fiduciary investment committee for the plan and assist in the structure and composition of the committee.
- Education services to a fiduciary committee – An investment adviser representative may provide education for selected employees of the plan who are serving on the plan's fiduciary investment committee. Such education may include guidance concerning their fiduciary roles on the committee, including their investment-related duties under the plan, at times mutually agreeable to the parties.
- Performance reports – An investment adviser representative may prepare periodic performance reports for the plan's investments, comparing the performance thereof to benchmarks set forth in the IPS or other such benchmarks as specified in writing by the plan sponsor. The information used to generate the reports will be derived from statements provided by or through the plan sponsor. Investment adviser representatives do not make any investment recommendations, rate of investments or make buy, sell or hold recommendations as part of performance reporting.
- Fee monitoring – An investment adviser representative may assist the plan sponsor with respect to its duties to evaluate the reasonableness of the fees and expenses of the plan's investments or investment managers, as applicable, in accordance with the plan's IPS or other relevant guidelines and ERISA. Upon request, an investment adviser representative may also assist the plan sponsor with respect to its evaluation of the plan's fees and expenses for administrative services.

- Participant education services – An investment adviser representative of the firm may offer investment education to plan participants at scheduled meetings on an annual basis, or such other times as the investment adviser representatives and plan sponsor may mutually agree, in accordance with the Department of Labor's exclusions for investment education from its definition of a recommendation as set forth in 29 CFR Section 2510.3-21(b)(1) and (2). An investment adviser representative may provide non-fiduciary education concerning the availability of withdrawals and rollovers from the plan but will not discuss the advisability of withdrawals or rollovers at such meetings.
- Service provider recommendations – In the event the plan sponsor chooses to select a new recordkeeper or other administrative service provider to the plan, an investment adviser representative may recommend plan service providers for the plan sponsor's consideration. Such recommendations shall not include investment or allocation recommendations by the investment adviser representative. Upon request, an investment adviser representative will assist the plan sponsor in the preparation and evaluation of requests for proposals, finalist interviews and conversion support.

In performing consulting services, your investment adviser representative and Cetera Investment Advisers are acting solely as an agent and at the plan's direction.

Services not offered as part of the Plan Advice and Consulting Program include:

- Custody and trade execution – Taking custody or possession of any plan assets, ensuring that contributions by the plan or from participants are deposited timely with the trustee or custodian for the plan, or executing orders for trades or securities transactions with respect to the plan's assets.
- Employer stock funds and brokerage windows – Providing advice regarding the prudence of plan investments in any employer stock, or providing guidance to participants concerning investments through any brokerage account window under the plan.
- Proxies – Rendering advice on, or taking action with respect to, the voting of proxies solicited on behalf of securities held in trust by the plan, or the exercise of similar shareholder rights regarding such securities.
- Discretionary plan administration – Interpreting the plan, determining eligibility under the plan, distributing plan assets to pay benefits or expenses, determining benefit claim, or making any other discretionary decisions with respect to the administration of the plan.
- Legal or tax advice – Reviewing or amending plan documents for compliance with changes in tax qualification requirements or providing legal or tax advice on matters relating to the plan, including advising on whether plan investments will result in unrelated business taxable income.
- Participant advice – Furnishing any fiduciary "investment advice" within the meaning of ERISA to participants relating to any participant-directed investments under the plan. Any personal investment-related services provided by Cetera Investment Advisers to individuals, including but not limited to individuals who are plan participants, will be unrelated to the services.
- Regulatory notices and reports – Distributing summary plan descriptions, elections, and any other notices required by law to participants, or filing any governmental reports for the plan or client.

### *Investment Fiduciary Manager Program*

We offer investment fiduciary advisory services to participant directed employer-sponsored plans that are subject to Section 3(38) of ERISA (Plans) in a program entitled the Investment Fiduciary Manager Program (Program). CIM, an investment adviser that is a related entity of ours provides us with a recommended investment lineup for each platform of a recordkeeper that we make available in the Program. Each recordkeeper available in the Program is also a strategic partner (a "Retirement Partner") in our Retirement Strategic Partner Program (defined below). CIM creates and provides us with the investment lineups, which are composed primarily of Strategic Partner (defined below) Funds. The Strategic Partner funds included in the investment lineups offered at each of the recordkeeping platforms are excluded from the Strategic Partner compensation described in Item 14 below.

We determine whether to make available in the Program the investment lineups recommended by CIM. CIM does not act as an investment adviser to the Plan or any of its participants. One investment lineup will typically be provided per recordkeeper platform. Each Plan grants us the discretion to select the investment lineup at a particular recordkeeper for that Plan. Our ERISA Section 3(38) discretionary advice service is offered only at the Plan level and not at the individual participant or account level, as individual participants ultimately retain the responsibility of selecting their own investments from the designated investment lineup.



## ITEM 5 – FEES AND COMPENSATION

The Firm and/or your Advisor are compensated in several ways. We want to ensure that you understand how we as a Firm and our Advisors are compensated, as well as the other costs associated with your account. Here are a few important facts about the fees and costs associated with your account:

Your Advisor will typically earn compensation for managing these accounts by charging you an advisory fee. This fee is called an assets under management (AUM) fee. Essentially, this means that on a quarterly basis, we will charge you a fee that is calculated as a percentage of the market value of the assets held within your advisory account.

Please refer to our Appendix 1 – Wrap Brochure for a description of the fees associated with our wrap fee programs – Prime Portfolio Services, Mutual Fund/Exchange Traded Funds Advisory Program, xMA® Next Generation Managed Account Program, and the InvestPath Program.

### *Advisory Fee Schedules*

<b>Preferred Fee Schedule</b>	
Account Size	Maximum Annual Fee
\$0 – \$249,999.99	2.25%
\$250,000 – \$499,999.99	2.00%
\$500,000 – \$999,999.99	1.50%
\$1,000,000 – \$4,999,999.99	1.25%
\$5,000,000 – \$9,999,999.99	1.00%
\$10,000,000 +	1.00%

You will also be responsible for any transaction costs associated with purchasing securities in a Preferred Account. Your executed advisory services agreement lists the transaction costs associated with your account. With the exception of ERISA accounts, we mark up the transaction costs that our clearing firm charges us, which is a source of additional revenue. The more transactions a client enters into, the more compensation the Firm receives. The Firms' transaction charges in non-ERISA accounts represents a conflict of interest due to the fact that we have a financial incentive to establish a Preferred Account because of the additional revenue we receive. This compensation, however, is retained by the Firm and is not shared with your Advisor, so your Advisor does not have a financial incentive to recommend that you open a Preferred Account.

In addition to the AUM fee, if you close a Preferred Account within the first year, you will pay a separate administrative fee of \$200.

### *Transaction Costs*

Transaction costs are the costs associated with purchasing or selling securities. In addition to the AUM fee, you will be responsible for certain transaction costs associated with your account, depending upon the specific advisory program that you select, as outlined below.

### **Preferred Asset Management and Prime Portfolio Services**

Transaction costs are the costs associated with purchasing or selling securities. The Preferred and Prime Programs are materially the same with one important exception. In the Prime Program, your Advisor pays for any transaction costs associated with your account. In the Preferred Program, any transaction charges are paid by you. Because your Advisor pays for transaction costs in the Prime Account, the management fees that you pay may be higher.

Your Advisor has a conflict of interest in recommending that you open (and maintain) a Preferred or a Prime Program account because of the costs associated with trading each type of account, which vary depending on the type of security being purchased or sold. In the Prime Program, your Advisor pays for all transaction costs as an annual basis point fee that is recalculated annually, based on the prior 24 months of trade activity. If you trade infrequently, your Advisor retains more compensation from your Prime Program account than if you were to open a Preferred Program account because you pay transaction costs in a Preferred advisory account, and the fee schedule for the Prime program is generally 0.25% higher than the fee schedule for the Preferred Program. Additionally, in a Prime account, you should understand that the transaction costs present a conflict of interest to your Advisor when deciding which securities to select and how frequently

to place transactions, as the Advisor has a financial incentive to recommend transactions in certain securities that do not carry transaction costs and to limit the overall number of transactions it recommends. This conflict is mitigated because your Advisor does not pay a transaction cost for each trade, and instead pays an annual basis-point fee for all trading activity that is recalculated annually, based on the prior 24 months of trade activity.

For both Preferred and Prime Programs, other brokerage account fees and expenses will be charged when applicable and are listed in the Firm's schedule which is available from your advisor. These other brokerage account fees and expenses defray our costs associated with maintaining and servicing client accounts and includes compensation to the Firm. The additional compensation the Firm receives represents a conflict of interest because the Firm receives a financial benefit when it provides services in connection with maintaining and servicing your account. This compensation, however, is retained by the Firm and is not shared with your Advisor, so your Advisor does not have a financial incentive to recommend certain transactions or for the Firm to provide such additional services.

Your executed advisory services agreement lists the transaction costs associated with your account. With the exception of ERISA accounts, we mark up the transaction costs that our clearing firm charges us, which is a source of additional compensation. The more transactions a client enters into, the more compensation the Firm receives. The Firms' transaction charges in non-ERISA accounts represents a conflict of interest due to the fact that we have a financial incentive to establish a Preferred Account because of the additional compensation we receive. This compensation, however, is retained by the Firm and is not shared with your Advisor, so your Advisor does not have a financial incentive to recommend that you open a Preferred Account.

### *Consolidated Billing*

If you have multiple accounts, you may be able to consolidate account assets for fee billing purposes and performance reporting, while receiving a reduced management fee based on a tiered fee schedule of total advisory assets under management. This tiered fee schedule could have a mix, or "blend," of advisory fees that consist of lower calculated percentage rates for progressively higher investment amounts that exceed each threshold.

You may consolidate, or "household," these accounts (when multiple account holders reside in the same primary residence or household) if within the household there are multiple accounts for the same program with the same fee schedule. The default billing method is to debit advisory fees for each account respectively, although you may be offered the option to have a consolidated management fee deducted from one primary account, instead of having management fees deducted from each account, provided this primary account is not a retirement account and that the accounts have the same fee schedules and Advisors. The primary account will have lower performance returns than it would otherwise have, and your other accounts will have higher returns than they would otherwise have. To determine whether or not this election to consolidate household accounts is appropriate, your advisor will review with you its applicableness to your particular situation, so that you may make an informed decision in whether to make this election.

Generally, householding your accounts will result in a financial benefit to you due to reduced overall management fees and should be considered where applicable.

### *Negotiable Fees*

While we have a maximum fee that can be charged to manage your account, you and your Advisor may negotiate a lower fee. Because our fees are negotiated between you and your Advisor, individual clients may pay different fees for receiving the same or similar advisory services.

### *You Pay Your Advisory Fees in Advance*

Unless specifically stated below, our AUM fees are assessed on a quarterly basis in advance. This means that you are charged for the following calendar quarter's advice and not for past advice. Fees are generally automatically deducted from your advisory account. If you terminate your account prior to the end of a quarter, we will refund any advisory fees owed to you on a prorated basis. The prorated fee is based on the number of days remaining in the quarter.

### *Advisory Programs May Be More Expensive*

The advisory fees you pay to us are for the investment advisory services that we provide to assist you with selecting the right mix your investment allocation. Because most advisory programs purchase investments that have their own internal or



management fees (such as mutual funds), the total cost of the program will be more than if you were to buy the securities individually.

You may purchase certain investment products that we recommend through other brokers or agents that are not affiliated with Cetera.

#### *Additional Compensation*

These programs may invest in companies, such as our Strategic Partners, that also provide us with revenue. Regardless of this additional compensation, these products do not cost you more by purchasing them from us versus another firm. Our Strategic Partner program and the revenue received are described in more detail further in this section.

All accounts may invest in mutual funds that make a distribution payment referred to as a 12b-1 fee. The clearing/custodial firm has been instructed to credit any 12b-1 fees received to the client's account. As a result, neither Cetera nor the Advisor shall receive 12b-1 fees from mutual funds purchased in the accounts.

#### *Fee Schedules May Change*

In general, we may change our standard fee schedules at any time by providing you with 30 days advance notice.

#### *Quarterly Performance Reports*

As we mentioned in Item 4 of this brochure, you may be sent a quarterly report listing the performance of your account as well as any advisory fee that was deducted from your account for the quarter.

#### *Fee When Acting as Broker-Dealer*

For some accounts opened before January 21, 2013, where Cetera Investment Services is the broker-dealer, the Firm may charge fees which do not tier or blend the fees. Instead, you will pay the applicable advisory fee based on the market value of the account. For example, if you have a Prime Account with \$750,000, and assuming you were being charged the maximum fee schedule, your annual fee would be 1.75 percent. For accounts where linear fee schedules are available, your Advisor sets up whether your account will be "tiered" or "linear" and you have the decision of how you want your account billed.

#### *Additional Fees and/or Expenses*

Products such as certain mutual funds and variable annuities are required to be held by you for a period of time. If you sell a security prior to the required holding period, the issuer may assess a fee. These fees commonly referred to as contingent deferred sales charges (CDSCs) or surrender charges are described in detail within the product's prospectus. Please read the prospectus or statement of additional information carefully so that you fully understand any fees you may incur when selling a security.

In addition to your advisory fee, your accounts may include additional costs. These costs may include, but are not limited to, account maintenance fees, transaction costs, wire transfer fees, costs associated with exchanging currencies, and return check fees. For a description of transaction costs charged to your account, see the information specific to your account in Item 5 or the appropriate Appendix 1 – Wrap Brochure, and see a further description of brokerage practices in Item 12.

For a description of transaction and other brokerage related costs charged to your account, see the information specific to your account in Item 5, see a further description of brokerage practices in Item 12, and client referrals and other compensation in Item 14. For wrap-fee programs, please refer to the Appendix 1 – Wrap Brochure for the specific program costs.

#### *Additions and Withdrawals*

You may make additions to or withdrawals from a broker-dealer in any of the Firm's sponsored programs at any time, subject to the Firm's right to terminate the broker-dealer if it falls below the minimum account value as determined by the Firm from time to time or as otherwise provided in your advisory agreement. Additions may be in cash or securities, provided that the Firm reserves the right to decline to accept particular securities into the broker-dealer or to impose a waiting period before certain securities may be deposited.

If cash or securities are accepted for management in your account during the quarter, a prorated asset-based fee based on the value of the assets will be charged upon deposit. You may request periodic withdrawals; and alternatively, may withdraw broker-dealer assets subject to the usual and customary securities settlement procedures. You must acknowledge that your broker-dealer is responsible for any charges, including contingent deferred sales charges, surrender charges, or redemption fees, that apply to redemptions or liquidations of securities held in the broker-dealer. No asset-based fee adjustment will be made during any quarter for appreciation or depreciation in account asset value during that period, nor shall any adjustment or refund be made with respect to partial additions or withdrawals which when aggregated, total less than \$10,000 per day.

### Financial Planning Fees

Because financial planning can range in complexity, we do not have a fee schedule for financial planning services. During your initial or subsequent meetings with your Advisor, you will discuss an appropriate fee for the services provided to you. Some of the factors used to determine the appropriate fee are the time needed to create a customized plan as well as the complexity of the plan. Your Advisor will charge you either a flat fee or an hourly fee for financial planning work done on your behalf. A flat fee is a specific dollar amount that you will pay for financial planning services. An hourly fee is a fee that is based on an hourly rate (as negotiated between you and your Advisor) multiplied by the number of hours that your Advisor needs to create your plan.

The fee will be collected by your Advisor either at the time that the financial planning contract is signed or when he or she delivers the final plan to you. In either case, all checks should be made payable to the Firm and not your Advisor. You pay your financial planning fee when you sign the financial planning agreement either 100 percent of the total fee up-front, or half of the fee at the time the financial planning agreement is signed, and then pay the remaining half of the total fee when your financial plan is provided to you by your Advisor.

We do not take prepayment of more than \$1,200 in fees, six months or more in advance.

### Consulting Service Fees

As with financial planning, we do not have a standard fee schedule for consulting services. During your initial or subsequent meetings with your Advisor, you will discuss an appropriate fee for the service. Some of the factors used to determine the appropriate fee are the time needed to review your situation as well as the complexity of your situation. Your fee will be either a flat amount or based on an hourly rate. A flat fee is a specific dollar amount that you will pay for consulting services. An hourly fee is a fee that is based on an hourly rate (as negotiated between you and your Advisor) multiplied by the number of hours that your Advisor needs to spend on your situation.

We do not take prepayment of more than \$1,200 in fees, six months or more in advance.

### Plan Participant Advice Program Fees

Advisors charge either an hourly rate payable quarterly in arrears; annual flat dollar fee payable quarterly in arrears; or an annual asset-based fee payable quarterly in arrears.

You may elect an asset-based fee according to the following tiered schedule.

Plan Participant Advice Program	
Plan Account Assets	Maximum Annual Fee
\$0 – \$250,000	2.25%
\$250,001 – \$500,000	2.00%
\$500,000 – Over	1.50%

This means that your fees pay for advisory services that you received in the prior quarter. The method for remitting payment may include:

- Invoice
- ACH debit payment
- Journal from another account

The consulting fee may be paid for you by check, or in limited circumstances, by deducting the fee from your bank account by completing an ACH Request Form. In either case, the fee should be made payable to the Firm and not your Advisor.

### **Plan Advice and Consulting Program Fees**

We do not have a standard fee schedule for the Plan Advice and Consulting Program. However, the maximum annual fee that may be charged for asset-based fees is 1.5%. In meetings with your Advisor, an appropriate fee for the advisory and/or consulting services to be provided to the Plan will be discussed. Some of the factors used to determine the appropriate fee are the nature of the services being provided, the time related to providing such services, and the complexity of the Plan. Your fee may be either a one-time project fee; an hourly rate fee payable quarterly in arrears; an annual flat fee payable in equal quarterly payments; an annual asset-based fee payable on a quarterly basis; or an annual asset-based tiered schedule fee payable on a quarterly basis. A flat fee is a specific dollar amount that you will pay for services. Tiered fees refer to fee schedules where, as the value of Plan assets reaches a new threshold, the assets above that threshold are charged successively lower percentages.

Fees are paid for in arrears. This means that a Plan's fees pay for services that the Plan received in the Plan Advice and Consulting Program in the prior quarter. Fees may be paid directly from Plan assets or by the client remitting a check from company assets. If fees will be paid from Plan assets, the Plan authorizes the Plan Custodian to calculate the fee appropriate under the executed Agreement and debit the fee from Plan assets and forward the fees to the Firm for payment to the Advisor. It is the Plan's responsibility to verify the accuracy of fee calculations maybe by the Plan Custodian. The value of Plan assets for fee calculations purposes will be reported by the Plan Custodian. The option to pay by check is available with the Plan selects to pay an annual flat fee, hourly rate or one-time project fee.

### **Program Choice Conflict of Interest**

Clients should be aware that the compensation to the Firm and your Advisor will differ according to the specific advisory program chosen. The compensation to the Firm, its Related BD and your Advisor will be more than the amounts otherwise received if you participated in another program or paid for investment advice, brokerage, and/or other relevant services separately. As a result of the differences in fee schedules and other sources of compensation that exist among the various advisory programs and services offered by the Firm, its Related BD and your Advisor, we have a financial incentive to recommend particular programs or services over other programs and services available through the Firm.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not participate in any programs that charge performance-based fees.

## **ITEM 7 – TYPES OF CLIENTS**

The Firm generally provides advisory services to individuals, tax-qualified retirement plans, and other institutions.

Our advisory accounts all require a minimum opening deposit. Depending on the specific program, the opening deposit may vary between \$5,000 and \$250,000. The minimum account opening balance required for each program is described in more detail in Item 4 of this brochure or in the appropriate Appendix 1 - Wrap Brochure.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Method of Analysis**

Our Advisors may use various methods to determine an appropriate investment strategy for your portfolio. During your initial and subsequent meetings with your Advisor, they will discuss the methods they used. The analysis performed may include the following:

### *Technical Analysis*

This type of analysis utilizes statistics to determine trends in security prices. Technical analysis tends to focus on factors such as trading volume, demand, and security price fluctuations. This type of analysis is also commonly referred to as chart analysis due to the fact that this analysis tends to review various historical charts and graphs.

### *Fundamental Analysis*

This type of analysis concentrates on earnings, a company's financial statements, and the quality of a company's management. These quantitative factors are then used to attempt to determine the financial strength of a company.

### *Asset Allocation*

Asset allocation investment strategies attempt to optimize the risk and reward of your portfolio by investing among several asset classes.

### *Timing Service*

While not a standard analysis method used by our Advisors, some Advisors may offer advisory services that attempt to time security performance. This essentially means they try to purchase or sell immediately preceding an increase or decrease in the security's price. This type of investing can substantially increase the amount of your brokerage transaction costs due to the frequency that transactions are occurring. Also, many mutual funds or variable annuities specifically prohibit excessive buying and selling within their fund in a short period of time. We monitor our accounts for excessive trading activity to ensure that you are aware and comfortable with the level of trading as well as to ensure that the investments are appropriate for you.

### *Third-Party Money Manager Programs (TPMM)*

Clients should review Form ADV 2A of the investment advisers who provide TPMM programs for information on the investment strategies used.

## **Types of Investments and Associated Risks**

Most of the advisory services we provide involve the purchase or sale of securities. All investing involves some level of risk. In many cases, the risks include the potential to lose your entire principal value. All securities sold have disclosure documents that discuss these risks. This disclosure document is commonly referred to as a prospectus, but may be called something else depending on the type of security you have purchased. In any case, it is extremely important that you read these documents in their entirety. If you have any additional questions regarding your investments, please speak with your Advisor immediately.

Described below are some risks associated with investing and with some types of investments that are available through our advisory programs:

### *Management Risk*

The services we offer involve your Advisor developing and implementing an investment strategy for you. Developing and implementing a profitable investment strategy inherently involves making decisions about the future behavior of, among other things, the securities markets as a whole and the market for individual securities. Because there is no available methodology for accurately predicting future events over time, there can be no guarantee that your Advisor will be successful in developing a profitable investment strategy for you or in implementing the strategy he or she develops.

### *Market Risk*

This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.

### *Cybersecurity Risk*

The Firm relies on the use and operation of different computer hardware, software and online systems and to varying degrees by investment program. The following risks are inherent to all such programs and are enhanced for online systems: unauthorized

access to or corruption, deletion, theft or misuse of confidential data relating to the Firm and its clients; and compromises or failures of systems, networks, devices or applications used by the Firm or its vendors to support the Firm's operations.

### *Vendor Risk*

The Firm relies on third-party vendors to support certain functions. By relying on a vendor, the Firm reduces its level of control over services rendered. If a vendor fails to perform its obligations in a timely manner or at satisfactory quality levels, the Firm will be unable to provide investment advice in a manner consistent with its disclosures to clients.

### *Equity Securities*

In general, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities will rise and fall in response to a number of different factors, including events that affect particular issuers as well as events that affect entire financial markets or industries.

### *Interest Rate Risk*

This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.

### *Credit Risk*

This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

### *Concentrated Investment Strategies*

Certain investment strategies may be concentrated in a specific sector or industry. If you invest in a portfolio or strategy that is made up of a concentrated position, sector or industry, your portfolio will be more likely to sharply increase or decrease in value with changes in the markets. Concentrated strategies are more volatile because the risk associated with each company represents a large percentage of your overall portfolio value.

### *Options*

Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Client should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.

### *Active ETFs*

Active exchange traded funds (ETFs) are different than traditional passive index ETFs in that there is a portfolio manager who actively makes buy/sell decisions on the underlying holdings. Certain active ETF sponsors also offer actively managed mutual funds with the same or substantially similar investment objective, strategies, and holdings. In most such cases, however, the fees tend to be less in these ETFs compared to their corresponding mutual fund. When there is a cost variance of up to 15 bps between an active ETF and the corresponding mutual fund, the firm is able to approve both versions of the product. When there is a cost variance of more than 15 bps between an active ETF and the corresponding mutual fund, the firm will only approve the less expensive version of the product.

Also, in addition to our mutual fund strategic partnership relationships as discussed above, approved active ETF sponsors pay us an ETF Servicing Fee. This Servicing Fee presents a financial incentive for the firm and as a result, a conflict of interest. This conflict of interest is mitigated by way of the investment decisions and recommendations being made by the IAR as these ETF Servicing Fees are not shared with the IAR, so the IAR has no financial benefit to select an ETF sponsor that pays us an ETF Servicing Fee.

## *Exchange-Traded Funds*

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.

## *Alternative Investments*

Alternative Investments are subject to various risks such as limitations on liquidity, pricing mechanisms, and specific risk factors associated with the particular product, which for products associated with real estate, would include, but not be limited to, and property devaluation based on adverse economic and real estate market conditions. Alternative Investments may not be suitable for all investors. A prospectus that discloses all risks, fees and expenses, and risk factors associated with a particular Alternative Investment may be obtained from your Advisor. Read the applicable prospectus(es) or offering document(s) carefully before investing.

Investors considering an investment strategy utilizing Alternative Investments should understand that Alternative Investments are generally considered speculative in nature and involve a high degree of risk, particularly if concentrating investments in one or few alternative investments or within a particular industry. The risks associated with Alternative Investments are potentially greater and substantially different than those associated with traditional equity or fixed income investments.

## **ITEM 9 – DISCIPLINARY INFORMATION**

In mid-September 2019, Cetera submitted a settlement offer to the Securities and Exchange Commission (“SEC”), which the SEC accepted and resulted in Cetera consenting to an administrative Order dated September 26, 2019 (the “Order”). Cetera did not admit to or deny the findings in the Order, which alleges that Cetera violated Section 206(4) of the Advisers Act and Rule 206(4)-3 thereunder by paying cash fees to banks for solicitation activities and without providing certain required disclosures. The Order also includes a censure of Cetera, requires Cetera to cease and desist from violating Section 206(4) of the Advisers Act and Rule 206(4)-3 thereunder and to pay a civil penalty of \$185,000. Starting in late 2017, Cetera began the process of implementing several policies to address the practices described in the Order to treat banks as solicitors and to require that advisory clients receive a solicitor disclosure statement.

On August 30, 2021, Cetera Investment Advisers (“Firm”), without admitting or denying the findings, consented to the entry of an order finding that it violated Rule 30(a) of Regulation S-P, which requires broker-dealers and investment advisers to adopt written policies and procedures that are reasonably designed: (1) to insure the security and confidentiality of customer records and information; (2) to protect against anticipated threats or hazards to the security or integrity of customer



records and information; and (3) to protect against unauthorized access to or use of customer records or information that could result in substantial harm or inconvenience to any customer. The order found that between November 2017 and June 2020, the Firm had not enabled multi-factor authentication for the email accounts of certain offshore contractors and contractor representatives of the Firm. The order further found that, during the period, the email accounts of certain offshore contractors and contractor representatives were accessed by unauthorized third parties, resulting in the potential exposure of customers' personally identifiable information (PII) that was contained in the accessed email accounts. The order found that the email account takeovers did not appear to have resulted in any unauthorized trades or transfers in brokerage customers' or advisory clients' accounts.

The order also found that the Firm violated Section 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder by failing to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules. The order found that, for email account takeovers where the Firm identified potential customer PII exposure, the Firm engaged outside counsel to issue breach notifications to impacted customers, notifying them that their PII may have been accessed without authorization. The order further found that, while most breach notifications sent by the Firm's outside counsel were accurate, letters sent in 2018 and 2019 to advisory clients regarding takeovers of three investment adviser representatives' email accounts included misleading template language suggesting that the notifications were issued much sooner than they actually were after the discovery of the incidents.

In accepting the Firm's settlement offer, the SEC considered remedial acts undertaken by the Firm.

The firm was censured, ordered to cease and desist from committing or causing any violations of Rule 30(a) of Regulation S-P and Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, and ordered to pay, jointly and severally with four other Cetera firms, a civil penalty totaling \$300,000.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### *Corporate Structure*

The Firm is part of Cetera Financial Group, Inc., a network of financial service firms, including several broker-dealers and investment advisers. In addition, the Retirement Planning Group LLC is an investment adviser registered with the SEC that is wholly-owned by Aretec. Information about these related financial service firms appears on our Form ADV Part 1A, Schedule D, which is available on the SEC's website at: <https://adviserinfo.sec.gov/>. Some of our affiliated companies are also general insurance agencies. The Firm is registered as an investment adviser with the SEC. Cetera Investment Services LLC (Cetera Investment Services ) is also registered as a broker-dealer with the SEC, FINRA, and with all 50 states, the District of Columbia and Puerto Rico. Some registered representatives of Cetera Investment Services are also Advisors of the Firm, and some Advisors are solely investment advisor representatives of the Firm.

Cetera Financial Group, Inc. is wholly-owned by Aretec. Aretec is a wholly-owned subsidiary of GC Two Intermediate Holdings, Inc., and an indirect wholly-owned subsidiary of GC Two Holdings, Inc.

Pursuant to an internal reorganization, effective on or about January 21, 2014 (the "Effective Date"), all of Cetera Investment Services LLC's investment advisory services transferred to the Firm. On the Effective Date, Cetera Investment Services investment adviser representatives became investment adviser representatives of the Firm, but will continue to be registered representatives of Cetera Investment Services.

### *Affiliated Products*

If assets in a Firm-Sponsored program are invested in shares of one or more mutual funds or variable contract products or similar pooled products (Affiliated Products) for which an affiliate of the Firm serves as investment adviser or other service provider (Affiliated Service Provider), then the Affiliated Service Provider will generally receive a management fee from the Affiliated Product as set forth in the Affiliated Product's prospectus or other offering documents, and it or its affiliates may receive other compensation in connection with the operation and/or sale of the Affiliated Product, to the extent permitted by applicable law. Assets invested in Affiliated Products may be included in the advisory fee assessed by the Firm. If an Affiliated Product is used in a Firm-Sponsored program, and the assets invested in the Affiliated Product are subject to Title I of ERISA or is an IRA, the Firm will waive the advisory fees for the assets invested in the Affiliated Product.

A conflict of interest exists in that the Firm and its Affiliated Service Provider is paid more compensation if you invest in an Affiliated Product instead of a non-Affiliated Product. To mitigate this conflict of interest, we routinely review our client accounts to ensure that the recommended services and products are consistent with your stated goals and objectives.



### *Broker-Dealer Affiliation*

Most of our Advisors are also registered with us or a related broker-dealer as a registered representative, which allows them to perform brokerage services for you by executing specific security transactions. Our Advisors may also be licensed insurance agents appointed with various insurance companies. In their capacity as registered representatives and/or licensed insurance agents, they may offer securities and insurance products and receive commissions as a result of such transactions, which presents a conflict of interest because the Advisor has an interest in making commissions.

The Advisor has an incentive to advise you to purchase such products and the purchase may not be in your best interest and may not be suitable for your account. To mitigate this conflict of interest, we routinely review our client accounts to ensure that the recommended services and products are consistent with your stated goals and objectives.

Due to the fact that your Advisor has the ability to offer advisory and brokerage services, your Advisor is conflicted as to the investment options they recommend. In a brokerage account, your Advisor is paid on a transactional basis. In an advisory account, your Advisor is compensated based on an advisory fee that may be flat, fixed, or a percentage of the assets under management. Your investment needs should influence your decision whether to open an advisory or a brokerage account. An advisory account is likely more suitable if you are looking for a long-term investment strategy, quarterly performance reporting, and an ongoing relationship with your Advisor.

While accounts are reviewed for suitability by an appointed supervisor and the Firm monitors for certain in appropriate trading, you should be aware of the incentives we have to sell certain account types and investment products for which Cetera Investment Advisers receives compensation (as described above) and you are encouraged to ask us about any conflict presented. Please be aware that you are under no obligation to purchase products or services recommended by us, members of our Firm, or a related entity in connection with providing you with any advisory services.

### *Other Affiliations*

Our Advisors may operate their own independent companies outside of Cetera Investment Advisers. These unaffiliated companies may include other investment advisory firms, accounting/tax practices, insurance services and legal and compliance services, among others.

We may also enter into certain arrangements to offer brokerage and advisory services to the clients of independent unaffiliated financial institutions (credit unions, credit union service organizations, banks and savings and loan institutions). A substantial portion of the client advisory fee will be paid by us to the financial institution pursuant to a fee sharing/promoter arrangement as long as the client agreement is in effect. Certain financial institutions provide financial incentives to the Advisor to recommend services and products that earn advisory fees over services that earn brokerage commissions. Additionally, certain financial institutions incentivize the Advisor to add new client assets to advisory accounts over specified periods of time. These financial incentives create a conflict of interest. To mitigate this conflict of interest, we routinely monitor our advisory programs and client accounts to ensure that the recommended services and products are consistent with your stated goals and objectives and maintain policies, such as minimum account openings, to ensure the account is appropriate for the applicable advisory program or service. Please contact your Advisor if you would like to receive additional information regarding whether your Advisor's financial institution provides the type of financial incentive referenced above.

## ITEM 11 – CODE OF ETHICS

We are committed to providing brokerage services and investment advice with the utmost professionalism and integrity.

To help us avoid potential conflicts, we have developed a Code of Ethics designed to protect our professional reputation and comply with federal or other applicable securities laws. This Code of Ethics sets forth guidelines and restrictions for personal securities trading, including an absolute prohibition of trading on the basis of "inside" (i.e., material, non-public) information. Adherence to our code of ethics is a condition of employment or affiliation with the Firm. Our Code of Ethics is summarized as follows:

### *Personal Investing by Your Advisor*

Your Advisor may purchase or sell the same security as you. This type of trading activity creates a conflict between your Advisor and you because your Advisor's transaction may receive a better price than your transaction. Our Code of Ethics places restrictions on your Advisor's personal trading activities. These restrictions include a prohibition on trading based on non-public information, pre-clearance requirements for certain personnel transactions with advance knowledge of model

transactions and a requirement that any personal securities transactions do not disadvantage clients or otherwise raise fiduciary or antifraud issues.

Also, your Advisor may not purchase securities in an initial public offering or participate in a private placement without our written approval.

#### *Personal Holdings and Transaction Reporting*

We receive information of the security transactions purchased and/or sold by your Advisor in their personal accounts. We, also, receive information listing all securities that they currently own in their personal securities accounts. We also use monitoring systems to supervise trading in Advisor personal accounts that are held through Cetera Investment Advisers. Certain investments are not required to be reported to us by your Advisor, such as mutual funds holdings and securities issued by the Government of the United States.

You may request a copy of our Code of Ethics at any time by contacting your Advisor.

## ITEM 12 – BROKERAGE PRACTICES

#### *Selection of Brokers*

Cetera Investment Services LLC an affiliate of the Firm, provides brokerage services for accounts in the Firm sponsored programs. During the account opening process, you authorize Cetera Investment Advisers, LLC to open a custodial account with Cetera Investment Services, 400 First St. S. Suite 300, St. Cloud, MN 56302 and to transfer your account to such other clearing firm as Cetera Investment Services may determine, including a clearing broker affiliated with the Firm and Cetera Investment Services.

We have negotiated competitive pricing and services with Cetera Investment Services for the benefit of our clients. Cetera Investment Services offers their broker-dealer clients substantial financial strength and stability, economies of scale, and reliable, state-of-the-art technology.

We do not receive research or other products or services other than execution from Cetera Investment Services in connection with client securities transactions (“soft dollar benefits”). We do not consider, in selecting or recommending broker-dealers whether we or a related person receives client referrals from a broker-dealer or third party. The Firm also maintains two bank deposit sweep programs that create financial benefits for the Firm as described in Item 14.

In addition, you do not generally have the option to direct securities brokerage transactions to other broker-dealers or other account custodians. If, however, you should request, and we approve, the use of a broker-dealer other than Cetera Investment Services for securities transaction execution, you should be aware that we will generally be unable to negotiate commissions or other fees and charges for your account, and we would not be able to combine your transactions with those of other clients purchasing or selling the same securities in a block trade. As a result of your directing trades to a broker-dealer, we would be unable to ensure that your trades receive “best execution”. By directing brokerage to a broker, we may be unable to achieve the most favorable execution for your transactions and you may pay more in transaction charges than if you executed trades through another broker-dealer. Therefore, directed brokerage may cost you more money. For more information about the brokerage practices of a third-party money manager program, you should refer to the disclosure brochure for the applicable third-party money manager program.

Most of our Advisors are also registered with an affiliated broker-dealer as a registered representative, which allows them to perform brokerage services for you by executing specific security transactions. See the section titled “Broker-Dealer Affiliation” in Item 11 for further discussion of the conflict this presents.

The Firm’s Related BD also maintains two bank deposit sweep programs that create financial benefits for the Firm’s Related BD as described in Item 14.

#### *Agency Cross or Principal Trades*

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlling, controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Principal transactions arise when the Firm acts as an investment adviser and broker in a transaction between an advisory client on one side of a transaction and the Firm (including accounts of Firm representatives) on the other side of the transaction. This includes buying securities from or selling any security to an advisory client from the Firm's own account.

The Firm permits agency cross or principal trades in exceptional circumstances with approval from an Advisor's supervisor and the Firm's compliance department. If an exception is approved, the Firm will receive consent from the client prior to executing the transaction and the agency cross and/or principal transactions will be consistent with SEC guidelines. The Firm monitors trading for potential agency and principal trades and reviews every permitted agency cross and principal transaction for suitability. Some of the items that the Firm reviews include, but are not limited to, security pricing and trade volume in order to determine if an agency cross or principal transaction is in the client's best interest. No commission is received for the execution of agency cross or principal transactions.

It is important to note that if you have a retail brokerage account in addition to your advisory account, agency cross transactions executed as a buy and sell between retail brokerage accounts under the control of the same Advisor are permitted without prior approval. Such a transaction will not result in a sales credit or commission payable to the Advisor for the transactions.

### *Block Trading*

Block Trading refers to the aggregation of multiple orders from different clients, for the same securities for submission as a single order for execution. When the purchase or sale of a particular security is appropriate for more than one client account, trades for advisory clients may be aggregated. This is done principally to ensure that clients are treated fairly and that one client is not advantaged at the expense of another client. Trades with advisory clients may be aggregated with those of other clients of your Advisor, the personal trades of supervised persons and trades in proprietary accounts.

Aggregate orders may be filled through multiple executions at different prices during the course of a trading day. If your order is aggregated with other orders, you will receive an average price. Aggregate orders will not reduce your transaction costs.

When an aggregated order is not fully filled (i.e., when an aggregated order is only partially filled), the Firm's trading system will allocate to each account participating in the order the pro-rata amount of shares to each account in accordance with the account's proportion of the overall order.

Block trading in an adviser-directed advisory account is only available if the account is being managed on a discretionary basis, the account is held with Cetera Investment Services and the aggregated trades are submitted through SmartWorks Advisor. For accounts where Folio is the overlay manager, Folio will generally block trades when a transaction is appropriate for several client accounts. For accounts managed by your Advisor (Advisor-managed accounts), your Advisor may aggregate all, none or some of his or her client trades in the Preferred and Prime programs based on, among other things, a client's investment guidelines and restrictions (including those on the use of discretion by the Advisor), the type of securities and the size of the order.

It is the Firm's policy that the order allocation between participating clients may not be changed after the order has been executed.

The Firm's policies do not require your Advisor to block trade client orders. When an Advisor chooses not to aggregate client orders for the same security a conflict of interest exists. In such instances, the adviser must decide which client order to place first which may result in one client receiving a better execution price over another client and could lead to certain client accounts receiving more favorable order executions over time. The Firm does not monitor Advisors choosing not to aggregate orders to determine whether any one client or group of clients is systematically disadvantaged over time.

Clients that are not included in block trading of other client accounts may receive a higher or lower price than clients that have been included in a block trading order. In order to ensure that no client or group of clients is favored over another, the Firm monitors the block trading activity with respect to clients that are not included in block trades with other clients of an Advisor.

### *Trading Errors*

Occasionally, a trading error may occur where either we, or our Advisors, 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 realized by us will be passed on to you.

## *Best Execution*

The Firm is obligated to ensure orders are being sent to the markets in an efficient manner and to execute any transactions in the manner it believes is in the client's best interest. The Firm's primary consideration with regard to purchases and sales for its clients is obtaining the most favorable execution of the transactions needed to implement client's investment strategy. The determinative factor is whether the transaction represents the best qualitative execution for the client account and not whether the lowest possible price is obtained. The Firm reviews reports that help analyze the quality of the executions of the orders that are sent to the market. Most of our Advisors are also registered with our broker-dealer as a registered representative, which allows them to perform brokerage services for you by executing specific security transactions through Cetera Investment Services. An Advisor can, upon recommending a transaction, direct the affiliated broker-dealer to execute the order in the market. In these situations, a client may be unable to achieve the most favorable execution of a transaction and it may cost the client more money than if the client were able to execute transactions through another broker-dealer.

## ITEM 13 – REVIEW OF ACCOUNTS

We review your account in several ways. Our account reviews include:

**Annual Client Contact** – On at least an annual basis, your Advisor will contact you to arrange a review of your advisory accounts with you. In general, this review includes any Firm-Sponsored programs and certain third-party money manager programs.

**Supervision** – Your Advisor's designated supervisor periodically reviews client accounts of any Advisor who he or she supervises. If this review raises any issues associated with your account, they will investigate the issue to determine if any further action is needed or warranted.

**Home Office Oversight** – Cetera Investment Advisers utilizes a series of surveillance, exception, trade, and other transaction reports that are designed to help facilitate the ongoing review of Cetera Investment Advisers managed accounts.

**Quarterly Performance Reports** – We may send you a written quarterly performance report, which among other things, lists your account holdings and performance.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

We have individuals who are not affiliated with us introduce prospective clients to us. The individuals (called Promoters or Referring Partners) are paid a fee that is based on the advisory fee that you pay. If you are introduced to us through a Promoter or Referring Partners, we will provide you with a separate written disclosure statement indicating that a referral fee is being paid to an individual who is unaffiliated with our Firm. Please also refer to Item 5 of this brochure for additional information on our sources of revenue.

Our Advisors may receive compensation from Third-Party Money Managers (TPMMs) that creates a conflict of interest. This compensation may include training, educational meetings, training events, industry conferences and entertainment for our Advisors and/or clients, as permitted by industry rules. The conflict of interest exists in that this compensation may provide your Advisor with an incentive to recommend one TPMM versus another TPMM. However, clients do not pay more to purchase TPMM products through us than clients would pay to purchase the same TPMM products elsewhere.

In addition to advisory fees, your Advisor may 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. Your Advisor may also receive forgivable loans from Cetera, which are conditioned on your advisor retaining Cetera's broker-dealer and/or registered investment advisor services. This additional economic benefit creates a conflict of interest for your Advisor to retain affiliation with Cetera in order to avoid re-payment on a loan.

The Firm offers its Advisors a financial benefit (an "Enhanced Payout") based on an Advisor's assets under management in the advisory programs that comprise the MAA Platform. Your Advisor is eligible to receive an Enhanced Payout on advisory assets in the MAA Platform that exceed certain fixed levels. Whenever compensation changes based on an Advisor's level of assets under management, the Advisor has a financial incentive to meet those asset levels. The Enhanced Payouts provide an incentive for your Advisor to select the Firm for your accounts because compensation the Firm pays to the Advisor may be more than that of another firm. The Enhanced Payouts also provide an incentive for the Advisor to select the MAA Program over other advisory programs at the Firm and to place more assets in the MAA Program.

Cetera Investment Services maintains a Code of Ethics requiring your Advisor to always act in your best interest, and maintains a supervisory structure to monitor the advisory activities of your Advisor in order to reduce potential conflicts of interest.

## **Cash Sweep Program**

The Firm also maintains two bank deposit sweep programs that create financial benefits for the Firm as described below. The Firm also receives additional compensation for non-retirement account assets that are swept into the money market fund sweep program as described below. The additional compensation received by the Firm creates a conflict of interest with the Firm's clients.

**FDIC Insured Bank Deposit Sweep Account.** The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency insuring deposits in U.S. banks and thrifts in the event of bank failures. Two programs, the FlexInsured Account Program and the Insured Deposit Sweep Account Program (FDIC-Insured Programs), made available by the broker dealer referenced in Item 10 that is a related entity to Cetera ("Related BD") enable clients' available cash balances awaiting investment or reinvestment in eligible accounts, including cash balances derived from the sale of securities, dividend payments, interest credited from bonds, and cash deposits, to be automatically deposited (swept) into interest bearing deposit accounts offered through one or more participating program banks (Program Banks). Deposits at an individual Program Bank are covered by FDIC insurance up to a maximum of \$250,000 and an aggregate total across all Program Banks of up to \$2,500,000, subject to bank availability. For purposes of calculating the available FDIC coverage at each Program Bank, cash deposited at a Program Bank is aggregated with all other deposits held by you outside of the FDIC-Insured Programs in the same insurable capacity at that Program Bank. Under certain economic conditions or for other reasons, it is possible for Program Banks to limit or reduce the amount of deposits they will accept through FDIC-Insured Programs. If Program Banks cannot accept all the cash balances in your account due to such capacity constraints, then your excess funds will be invested in shares of a money market fund that your Related BD makes available. If the money market fund is not accepting excess funds, then those excess funds will be maintained in your account as a free credit balance (discussed below). The overall amount of available FDIC insurance protection will vary depending upon the number of Program Banks accepting deposits through the FDIC-Insured Programs at any time. If most or all of the Program Banks have insufficient capacity to accept any funds (or any further funds), then the aggregate amount of FDIC insurance coverage available to you could be significantly reduced.

Should you wish to move your free credit balance into a money market mutual fund or other product that Cetera makes available for purchase, such as U.S. Treasuries or a brokered Certificate of Deposit, your financial professional can assist you. If you are invested in a wrap fee program, all transaction charges are included in the fees you pay for that program. We also offer a limited number of non-wrap fee programs which would require you to pay the transaction charge for purchasing such a product. If you are unsure of what type of program you are in, please discuss with your financial professional. You should consider your investment objectives, liquidity needs and risk tolerance in reviewing whether participation in the applicable FDIC-Insured Program or another product is appropriate for you. If you desire to maintain a large cash position for an extended period of time, you should contact your financial professional to discuss your options.

It is your responsibility to monitor any deposits that you have at each Program Bank including deposits outside of the FDIC-Insured Programs so that you do not exceed the applicable limits on FDIC insurance coverage as described above. Funds deposited through the FDIC-Insured Programs are not eligible for SIPC protection.

**FlexInsured Account Program.** The FlexInsured Account is the default sweep vehicle for non-retirement advisory accounts. For its role in offering the FlexInsured Account Program, the Related BD earns additional compensation in the form of a payment of a portion of the earned interest received from a Program Bank (payment) which is based on the amount of money on deposit by all FlexInsured Account Program participants and the applicable interest rate paid at that time by that Program Bank. The amount of a payment to the Related BD will vary but will not exceed 6.00% on an annualized basis as applied across all FlexInsured Accounts. The maximum annual percentage to be received by the Related BD may be changed upon 30 days' prior notice to participants in the FlexInsured Account Program. The Related BD, in its discretion, may reduce the amount of a payment and vary the reductions among clients which would result in some clients getting paid a higher interest rate, and, therefore, earning more interest than other clients. Additionally, the payments the Related BD receives generally vary by Program Bank and will affect the interest rate paid to you.

This compensation that Cetera receives presents a conflict of interest, because Cetera receives a greater financial benefit when cash is swept into the FlexInsured Account than it otherwise would if your cash balance is held in a money market mutual fund or other product, and the fees that Cetera receives reduces the amount of interest you receive in the FlexInsured Account. The interest that you receive and Cetera's fees are both paid from the total funds paid by the Program Banks on FlexInsured Accounts. Consequently, the greater the fees received by Cetera, the less funds are available to pay client



interest on FlexInsured Account deposits. In addition, we continue to charge an investment advisory fee while your cash is held in the FlexInsured Account so the fees that we receive from the Program Banks are in addition to the advisory fees that you pay us and your financial professional. This means that we earn two layers of fees on the same cash balances in your FlexInsured account. If we were to reduce or eliminate our advisory fee for cash balances held in FlexInsured Accounts where such fee reduction is greater than the amount of compensation we receive on FlexInsured Account deposits, this would create a conflict of interest for us to avoid or minimize such cash holdings or to utilize other products, where available.

The interest rate you earn will generally be lower than interest rates available to depositors in interest-bearing accounts held directly at a Program Bank or other FDIC-insured depository institutions, but such institutions could require a minimum amount to establish an interest-bearing deposit account that is maintained outside of the FDIC-Insured Programs. The income we earn from Program Banks based on the balances in the FlexInsured Account program will in almost all circumstances be substantially greater than the amount of interest earned from those same balances in the FlexInsured Account program. Cetera therefore has an incentive for your funds to be swept into the FlexInsured Account program rather than an alternative to the FlexInsured Account.

Cetera is ultimately responsible for setting its fees under the FlexInsured Account program. We receive a substantially higher percentage of the interest generated by deposit balances in the FlexInsured Account program than your account. As a result, you will almost always receive a lower rate of return on cash deposited into the FlexInsured Account than if it were invested in money market mutual funds or bank deposits outside of the FlexInsured Account.

For ERISA advisory accounts, the Firm offers a money market mutual fund, which aims to provide a return on your account balances, as a cash sweep default program.

**Insured Deposit Sweep Account (IDSA) Program.** The IDSA is the default sweep vehicle for advisory IRAs. For its services to support the IDSA Program, the Related BD receives a fixed per account fee each month from participating banks. Within each month, the amount of compensation paid to the Related BD under the IDSA Program does not vary among IDSA Program participants and is not affected by the amounts deposited through the IDSA Program including your IDSA program deposits, but will vary from month to month based on the federal funds target rate, actual number of days in the particular month, and the average aggregate daily balance in the IDSA Program. As a result, from one month to the next, even in an increasing interest rate environment, and/or even if the assets in your account increase or remain the same (or decrease), the interest rate payment to you could decrease. Such a decrease in the amount you receive in the IDSA Program could result from the average aggregate daily balance in the IDSA Program decreasing. The IDSA Program structure presents a conflict of interest because it generates fixed compensation for the Related BD even when the lower average aggregate daily balance decreases the amount of interest that clients receive. Depending on certain market environments or circumstances, Cetera benefits from higher total amounts deposited across all participants in the IDSA Program. The monthly per account fee paid to the Related BD under the IDSA Program is based on a fee schedule that is available at the link provided at the bottom of this section. Although it is generally anticipated that the Related BD's fee under the IDSA Program will be offset by amounts paid by the Program Banks, the Related BD reserves the right to withdraw the monthly account fee, or a portion thereof, from participants' accounts in the event that the amount received from the Program Banks and paid over to the Related BD is less than the Firm's fee for the same period.

Program Banks do not have a duty to offer the highest rates of return available or comparable to those offered in money market funds. The FDIC-Insured Programs should not be viewed as an investment option nor as a long-term holding. If you desire to maintain a cash position in your account for extended period of time awaiting investment and/or seek the highest yields currently available in the market for your cash balances, then you should contact your Advisor about your options outside the FDIC-Insured Programs.

**Money Market Mutual Fund.** Some non-retirement accounts utilize a money market mutual fund ("money market fund") designated as an alternative or excess sweep program to the FlexInsured Account Program (Alternate MMF). The Related BD receives distribution assistance in the form of annual compensation of up to 0.92% for assets held in an Alternate MMF.

The compensation the Related BD receives from the FDIC-Insured Programs and the Alternate MMFs defrays its costs of providing and administering these sweep programs and is also a source of revenue. This compensation that the Related BD receives, presents a conflict of interest to the Firm because the Related BD receives a greater financial benefit when cash is swept into the FDIC-Insured Programs and the Alternate MMFs than it otherwise would if your cash balance is held elsewhere, and any compensation the Related BD receives reduces the interest you receive. This compensation is retained by the Related BD and is not shared with your Advisor, so your Advisor does not have an additional financial incentive that is tied to the compensation from the cash sweep program to recommend that cash be held in the FDIC-Insured Programs or

an Alternate MMF rather than investing in securities. The asset-based fee charged in your advisory account includes cash held in the cash sweep program.

A money market mutual fund, unlike a Program Bank deposit, is not insured or guaranteed by the FDIC or any other governmental agency, and it is possible to lose money in a money market mutual fund. The Alternate MMFs, money market mutual funds held in ERISA advisory accounts, and uninvested cash held by the Firm as a "free credit balance" in all client accounts are covered by the Securities Investor Protection Corporation (SIPC), a non-profit, non-government, membership corporation, funded by member broker-dealers. SIPC's coverage protects against the custodial risk (not a decline in market value) when a brokerage firm fails by replacing missing securities and cash up to a limit of \$500,000 of which \$250,000 may be in cash per customer in each separate capacity under SIPC rules.

A money market mutual fund generally seeks to achieve a competitive rate of return (less fees and expenses) consistent with its investment objective(s), as described in its prospectus. Money market funds seek to preserve a net asset value of \$1.00, with excess earnings that are generated through interest on portfolio holdings distributed to investors in the form of dividend payments. Average annual rates of return of the money market mutual fund offered as the cash sweep vehicle have varied over time and have typically been higher than the interest rate paid on deposits to you through the FDIC-Insured Programs. Due to stressed market conditions (e.g., which causes the Federal Reserve Bank to purchase government securities from the market in order to lower interest rates and increase the money supply, also known as "quantitative easing"), however, money market funds may not pay investors any excess dividends or distributions. Under severe market stress, a money market fund may fail to preserve a net asset value of \$1.00 and/or may no longer be a viable business for the fund sponsor, which may force the sponsor to liquidate. As a result of any of these factors, it is possible to lose money in a money market fund. The Related BD will earn more money by designating FlexInsured or IDSA as the sweep program for all eligible accounts. Accordingly, the Firm has a conflict of interest in that it has a financial incentive to increase the Related BD's compensation by selecting FlexInsured or IDSA as the applicable cash sweep program for your account.

For detailed information regarding the terms and conditions of the cash sweep programs, see the Related BD's FlexInsured Account Program Disclosure Statement at <https://www.cetera.com/cetera-investment-services/disclosures/flexInsured-account>, the Related BD's Insured Deposit Sweep Account Disclosure Statement available at <https://www.cetera.com/cetera-investment-services/disclosures/insured-deposit-sweep-account>, or the applicable money market mutual fund prospectus. You can obtain copies of such product disclosures from your Advisor. Generally, each account will be eligible for a single cash sweep program, such as a FDIC-Insured Program or a money market mutual fund, based on account type. We may change the products available for your selection. Your Advisor can provide a current list of available options.

### **Compensation from Strategic Partners**

Although we offer thousands of mutual funds from more than 250 mutual fund companies, and hundreds of variable life and annuity contracts from more than 100 insurance companies, we concentrate our marketing and training efforts on those investments offered by a much smaller number of select and well-known companies (Strategic Partners). Strategic Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Strategic Partners have more opportunities than other companies to market and educate our Advisors on the investments and products they offer. We also provide Strategic Partners with additional opportunities to make their products available in programs or services offered by the Firm. For a current list of our Strategic Partners, please see the below list of Strategic Partners.

Our Strategic Partners pay extra compensation to us and/or our affiliates in addition to the usual product compensation described in the applicable prospectus. The additional amounts that Strategic Partners pay us vary from one Strategic Partner to another and from year to year. Some Strategic Partners pay Advisors up to 0.45% of your total purchase amount of a mutual fund or variable insurance product. So, for example, if you invest \$10,000 in a mutual fund, we could be paid up to \$45. Additionally, some Strategic Partners make a quarterly payment or additional quarterly payment based on the assets you hold in the fund or variable insurance product over a period of time of up to 0.15% per year. For example, on a holding of \$10,000, we could receive up to \$15.

Alternatively, we may receive compensation from the mutual fund or insurance company as: (1) a flat fee regardless of the amount of new sales or assets held in client accounts; or (2) the greater of such flat fee or amount based on assets and/or new sales as referenced above and any ticket charge payments referenced below. These payments are designed to compensate us for ongoing marketing and administration and education of its employees and Advisors. You do not make these payments. They are paid by the mutual fund and insurance companies and/or their affiliates out of the assets or earnings of the funds or insurance companies or their affiliates.



It is important to note that you do not pay more to purchase Strategic Partner mutual funds or insurance products through us than you would pay to purchase those products through another broker-dealer, and your Advisor does not receive additional compensation for selling a Strategic Partner product.

We also receive revenue sharing payments from companies that are not Strategic Partners.

#### *Conflicts of Interest in Receiving Revenue Sharing from Strategic Partners*

A conflict of interest exists in that we are paid more revenue-sharing fees if you purchase one type of product instead of another and/ or you purchase a product from one particular sponsor instead of another. Your Advisor also indirectly benefits from Strategic Partner payments when the money is used to support costs relating to product review, marketing or training, or for waiver of ticket charges, as described below. Our Advisors do not receive any compensation associated with the revenue sharing payments.

#### *Mutual Fund Ticket Charges*

When you purchase a mutual fund of a Strategic Partner, we may absorb the nominal "ticket charge" for each transaction of approximately \$30, which would normally be paid by you or your Advisor. Generally, the mutual fund families that participate in the Strategic Partner Program subsidize some of these ticket charges through the compensation mentioned above or by paying us a per trade fee of up to \$10. The type of transaction in a Strategic Partner mutual fund purchase that qualifies for a ticket charge waiver varies depending on the particular Strategic Partner. In general, the ticket charge will be waived for the purchase of certain mutual funds in an amount of \$2,500 or more. Every mutual fund offered by us may be purchased without a ticket charge by processing the transaction with a check and application sent directly to the mutual fund company. We believe that these ticket charge waivers do not result in a conflict of interest between you and your Advisor.

In general, if you are not comfortable with the use of Strategic Partner products in your account and the resulting conflicts of interest, then you should notify your Advisor of this preference, and you should not participate in any advisory program that includes Strategic Partner products.

#### *Training and Education Compensation*

We and our Advisors also receive additional compensation from mutual fund and insurance companies, including Strategic Partners that is not related to individual transactions or assets held in accounts. This money is paid to offset up to 100% of the costs of training and education of our Advisors and employees. In some instances, mutual fund and insurance companies pay a flat fee in order to participate in our training and educational meeting. These meetings or events provide our representatives with comprehensive information on products, sales materials, customer support services, industry trends, practice management education, and sales ideas.

It is important to note that due to the number of mutual fund and variable insurance products we offer, not all product sponsors have the opportunity to participate in these training and educational events. In general, our Strategic Partners have greater access to participation in these events and therefore greater access to, and opportunity to build relationships with, our Advisors.

Some of the training and educational meetings for which we or our Advisors receive reimbursement of costs include client attendance. If you attend a training or educational meeting with your Advisor and a product sponsor is present, you should assume that the product sponsor has paid for all or a portion of the costs of the meeting or event.

#### *Other Cash and Non-Cash Compensation*

In addition to reimbursement of training and educational meeting costs, we and our Advisors may receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and direct participation sponsors, as permitted by regulatory rules. The sale of mutual funds, variable insurance products and other products, whether of our Strategic Partners or not, may qualify our Advisors for additional business support and for attendance at seminars, conferences and entertainment events. Further, some of our home-office management and certain other employees receive a portion of their employment compensation based on sales of products of Strategic Partners.

## List of Strategic Partners

The following is the list of Strategic Partners in alphabetical order:

### Mutual Fund Companies:

- American Funds Distributors<sup>1</sup>
- Amundi Pioneer
- Blackrock
- Calvert Funds
- Cantor Fitzgerald Asset Management
- Columbia Threadneedle
- Delaware funds by MacQuarie
- DWS Securities
- Eaton Vance
- Federated Hermes
- Fidelity Advisors<sup>2</sup>
- Franklin Templeton
- Goldman Sachs
- Invesco
- JP Morgan
- John Hancock
- Lord, Abbett
- New York Life Mainstay
- Pacific Life Mutual Funds
- PGIM
- PIMCO
- Putnam Investments
- Transamerica Mutual Funds
- Virtus
- Voya Investments

<sup>1</sup> For American Funds, the ticket charges are waived for purchases over \$10,000.

<sup>2</sup> For Fidelity Advisors, ticket charges are waived on Fidelity Advisor Funds. Fidelity Direct Funds are not included in this program.

Please note that fee waivers do not apply on ERISA Title I Advisory accounts where the advisor is paying the ticket charges.

### Annuity Carriers:

- Allianz Life Financial Services
- Athene
- Brighthouse
- Corebridge Financial
- CUNA
- Delaware Life
- Eagle Life
- Equitable
- Fidelity and Guarantee Life
- Global Atlantic
- Jackson National
- Lincoln Financial Distributors
- Mass Mutual
- Mass Mutual Ascend
- Nationwide
- New York Life Insurance Annuity
- Pacific Life
- Protective Life
- Prudential Annuities Distributors
- Reliance Standard Life Insurance
- Sammons Financial Group
- Securian Financial Group
- Security Benefit
- Symetra
- The Standard
- Transamerica

## Exchange Traded Products Partner Program

Cetera Investment Advisers offers an exchange traded products partner program (ETP Partner Program), which as described below, has similar features to the Firm's Strategic Partner Program. The Firm currently has entered into agreements with the ETP Partners listed below, and intends to add additional ETP Partners on an ongoing basis. For the most current list of our ETP Partners, please refer to our website at [www.cetera.com/cetera-investment-services-strategic-partners](http://www.cetera.com/cetera-investment-services-strategic-partners) or call your Advisor.

Although we offer thousands of exchange traded products (ETPs), we concentrate our marketing and training efforts on those investments offered by ETP Partners. An ETP Partner is selected, in part, based on the competitiveness of its products, its technology, its customer service and its training capabilities. An ETP Partner has greater exposure to our Advisors (e.g., at conferences), and more opportunities to market and educate our Advisors on investments and the products they offer.

An ETP Partner pays extra compensation to us and/or our affiliates in addition to the compensation described in the prospectus. The additional amounts may vary from one ETP Partner to another and from year to year. In general, ETP Partners have several options that include paying us any or a combination of the following: (1) an annual flat fee regardless of the amount of new sales or assets held in client accounts; (2) up to 0.25% of the ETP's net expense ratio (as set forth in the prospectus or supplement) of your investment's average daily balance during the quarter. So, for example, for each

\$10,000 average quarterly daily balance of an ETP Partners' product held by our clients, we would be paid up to \$25 on an annual basis. Further, if the annual flat fee were \$500,000 and the total asset-based fee did not reach that amount we would still be paid \$500,000; and/or (3) a flat seven basis points on assets under management.

These payments help compensate us and our affiliates for maintaining our platform and providing ongoing marketing, administration and education to our employees and representatives. The payments are paid by the ETP Partner and/or their affiliates out of the assets or earnings of the ETP Partner or their affiliates. You do not pay more to purchase an ETP Partner's product through us than you would pay outside of the ETP Partner Program, and your representative does not receive additional compensation for selling an ETP Partner product. For the most current description of the compensation we receive from ETP Partners, please refer to the Firm's website at [www.cetera.com/cetera-investment-services-strategic-partners](http://www.cetera.com/cetera-investment-services-strategic-partners).

#### *Conflicts of Interest in Receiving Revenue Sharing from ETP Partners and with Ticket Charge Waivers*

A conflict of interest exists in the recommendation of ETP Partner products since we receive additional revenue if you purchase an ETP Partner product and/or if you purchase a product from one particular sponsor instead of another. Your representative also indirectly benefits from ETP Partner payments when the money is used to support costs relating to product review, marketing or training, or for waiver of ticket charges, as described below. Our Advisors do not receive any compensation associated with the revenue sharing payments.

When you purchase an ETP Partner product (except Putnam), we absorb the nominal "ticket charge" (sometimes referred to as a transaction charge) for each transaction, which would normally be paid by you or your representative. In general, the ticket charge will be waived for the purchase of certain ETPs in an amount of \$2,500 or more. These ticket charge waivers result in a conflict of interest between you and your Advisor in a Prime Account because your Advisor has a financial incentive to recommend an ETP Partner product that does not assess transaction charges over an ETP that does.

In general, if you are not comfortable with the use of ETP Partner products in your account and the resulting conflicts of interest, then you should notify your Advisor of this preference and you should not participate in any advisory program that includes ETP Partner products.

#### *List of Exchange Traded Products Partners*

- Capital Group
- First Trust Advisors L.P.
- Franklin Templeton
- Global X Management Company LLC
- John Hancock
- Putnam Investments
- WisdomTree Asset Management, Inc.

#### **Direct Participation Programs and Other Alternative Investments**

We, through our representatives, offer our clients a wide variety of direct participation programs and alternative investment products (Alternative Investments) including: non-listed real estate investment trusts, limited partnerships, 1031 exchange programs, non-traded business development companies, oil and gas programs, closed-end and interval funds, and direct alternatives.

Whether a client is charged a commission upon the sale of an Alternative Investment, be it assessed in full, in part, or not at all, it is based upon whether the investment is held in an advisory or brokerage account, and if it is on Cetera's approved products list. If a client purchases an Alternative Investment from the advisory approved products list, it will be sold in an advisory program without a commission and will be included in the billing and reporting of the account assets.

If the Alternative Investment product is not on the advisory approved products list, the representative has the ability to:

- Purchase the product for the client while charging a commission and holding it directly within a brokerage account; or
- Hold the product in an advisory account solely for convenience purposes, but it will be excluded from the billing and reporting of the account assets, and regular billing will continue on all other eligible assets held in the account.

We also receive from certain Alternative Investment sponsors additional compensation relating to administrative services, due diligence, and/or marketing allowance. The amount of these payments that we receive and/or the type of arrangement that we have varies by sponsor and/or class of shares, as some product sponsors pay a due diligence or marketing allowance fee for certain classes of shares: (i) up to 0.20% annually on assets held at the sponsor, (ii) up to 1.50% on the gross amount of each sale, depending on the product, or (iii) a flat fee regardless of the amount of new sales or assets held in client accounts. Other product sponsors pay a flat administrative services fee for certain classes of shares, based on a minimum amount of trades executed through an advisory platform. These payments are designed to compensate us for ongoing marketing, administrative services, and/or maintenance of advisory platform systems, as well as the training and education of our employees, and Advisors regarding these types of products. You do not make these payments. They are paid by the product sponsor out of the assets or earnings of that product sponsor.

It is important to note that you do not pay more to purchase such products through us than you would pay to purchase those products through another broker-dealer, and your Advisor does not receive additional compensation for selling products from sponsors that pay us such additional compensation.

You should read the applicable prospectus(es) or offering document(s) carefully before investing which may be obtained from your Advisor.

### *Compensation from Third-Party Money Managers*

We enter into a select number of relationships with TPMMs approved by our due diligence department (Approved TPMMs). Cetera and your Advisor receive a portion of the fee that you pay the Approved TPMM whenever we refer or recommend their advisory business to you. Approved TPMMs also compensate Cetera with an additional fixed annual payment for providing ongoing due diligence, operational oversight, and opportunities to market and educate our IARs on investments and the products they offer (Additional Compensation). We only offer Approved TPMMs to clients. Approved TPMMs are selected, in part, based on whether they offer competitive products, their technology, their customer service, and their training capabilities. Approved TPMMs may attend or sponsor education and training meetings for our IARs. Certain Approved TPMMs, such as SEI and AssetMark, pay us a higher level of Additional Compensation than other Approved TPMMs and have more opportunities than other Approved TPMMs to market and educate our IARs on investments and the products they offer.

The following table lists our Approved TPMMs:

- |                                 |                                  |
|---------------------------------|----------------------------------|
| • Advisors Capital Management   | • Howard Capital Management      |
| • AssetMark                     | • <b>iCapital**</b>              |
| • BNY Wealth Management         | • Lockwood                       |
| • Brinker Capital               | • Manning & Napier Advisors, LLC |
| • BTS Asset Management          | • Orion Portfolio Solutions      |
| • Capital Wealth Planning       | • Pacific Financial Group, Inc.  |
| • Dunham                        | • <b>SEI*</b>                    |
| • Envestnet                     | • Stonebridge                    |
| • Flexible Plan Investments Ltd | • WBI (Wealth Builders, Inc.)    |
| • Hanlon Investment Management  |                                  |

*\*Bolded firms are also strategic partners*

*\*\*iCapital provides a platform with third party alternative investment companies.*

We may, from time to time, update our Approved TPMMs. Please refer to our most recent ADV Part 2A for the most up to date listing of our Approved TPMMs.

Similar to our Strategic Partner program, our Advisors do not individually receive any part of the Additional Compensation for recommending an Approved TPMM.

You similarly do not pay more to purchase an Approved TPMM-offered product through us than you would pay to purchase those products through the TPMM directly, and your Advisor does not receive any part of the Additional Compensation for recommending or selling products from Approved TPMMs. The compensation your Advisor receives is paid out of the Approved TPMM's assets or earnings.

Nevertheless, the Additional Compensation to Cetera creates an incentive for us to promote Approved TPMM products over other products and to promote certain Approved TPMMs that pay us a higher amount of Additional Compensation over other Approved TPMMs. Your Advisor indirectly benefits from these payments when the money is used to support costs relating

to product review, operational oversight, marketing or training. To mitigate this conflict of interest, we routinely review our client accounts to ensure that the recommended services and products are consistent with your stated goals and objectives.

The Firm's Advisors receive reimbursements from Approved TPMMs for the costs of marketing expenses and costs incurred by the Advisor subject to the Firm's cash non-cash compensation policy. Such reimbursements will be paid to the Advisor from the program sponsor's own resources and not from client funds or assets. Such arrangements will have no impact on the fees being charged to clients by the Firm, the Advisor, or the program sponsor.

#### *Unified Program Fund Strategist Portfolio Featured List*

The Unified Program offered through the MAA Platform, which is co-sponsored by our related investment adviser, CAS, and is described in CAS's ADV, offers fund strategist portfolios (comprised of both mutual funds and ETPs) from over 100 strategists, comprising over 1,000 strategies. We have created a smaller list of strategies across various investment disciplines and implementation styles (Featured List), that are offered by a number of strategists that have agreed to pay us some form of additional compensation (Featured Strategists) to help cover costs associated with marketing and education. The Featured List consists of strategies from both Strategic Partners (or affiliates of a Strategic Partner) and non-Strategic Partners. The current Featured List is provided below.

As discussed above, all Strategic Partners pay us additional compensation and receive more opportunities (such as being a Featured Strategist) than other companies to market and educate our Advisors about their products and services. Strategic Partners do not pay us any additional compensation for being a Featured Strategist, other than the overall compensation set forth previously in this Item.

For any non-Strategic Partner to be included on the Featured List, they pay us typically based on the following calculation: the greater of (1) an annual fixed flat fee or (2) up to eight basis points on client assets under management in the Featured Strategists' (or its affiliates') proprietary funds, and up to five basis points on non-proprietary funds' assets under management. As a result, the compensation paid by Featured Strategists varies from one Featured Strategist to another and from year to year, and possibly from quarter to quarter.

It is important to note that you do not pay us more to either invest in a strategy that is on the Featured List, or to purchase the underlying investment products included in the strategies on the Featured List in the Unified Program than you would pay to purchase those same products through a strategy not included on the Featured List. Your Advisor does not receive additional direct compensation for utilizing a strategy offered by a Featured Strategist.

#### *Conflicts of Interest in Receiving Revenue Sharing from Featured Strategists*

Because we receive compensation from Featured Strategists, a conflict of interest exists in that we are paid more revenue-sharing fees if your account uses a Featured Strategist and whenever Strategic Partner funds are part of a Featured Strategist's model portfolios. Your Advisor also indirectly benefits from Featured Strategist payments when the payments are used to support costs relating to product review, marketing or training. Our Advisors do not receive any direct compensation associated with these revenue sharing payments.

#### *List of Featured Strategists*

The Featured Strategists currently include:

- |                       |                       |
|-----------------------|-----------------------|
| • American Funds      | • Invesco             |
| • Auour               | • Lord Abbett         |
| • Clark Capital       | • Meeder              |
| • Fidelity            | • New Frontier        |
| • First Trust         | • Putnam              |
| • Franklin Templeton  | • Russell Investments |
| • GlobalX             | • Voya                |
| • Goldman Sachs       | • Wisdom Tree         |
| • Horizon Investments |                       |

#### **Retirement Strategic Partners Program**

The Firm also receives certain revenue sharing payments from third-party firms, including plan recordkeeping platforms as well as investment managers of mutual funds and the issuers of annuities (each a "Retirement Partner"). Retirement

Partners participate in activities that are designed to help facilitate the distribution of their products and services, such as marketing activities and educational programs, including attendance at conferences and presentations to the Firm's Advisors. Additionally, Retirement Partners have the opportunity to provide services in programs offered by Firm, such as the Investment Fiduciary Manager Program as described more fully above. We do not receive any additional compensation from Retirement Partners that participate in the Investment Fiduciary Manager Program.

These revenue sharing payments are in the form of a fixed dollar amount that does not depend on the amount of the plan's investment in any product or utilization of any Retirement Partner's services. Retirement Partners also pay the Firm's expenses, or provide non-cash items and services, to facilitate training and educational meetings for the Firm's Advisors, which similarly do not depend on the amount of the plan's investment in any product or utilization of any Retirement Partners' services. Our Advisors do not receive any portion of these payments.

Retirement Partners currently include:

- American Funds
- Ameritas
- CUNA
- Empower Retirement
- John Hancock
- Nationwide Financial
- Principal Financial Group
- Transamerica Retirement Solutions
- Voya

It is important to note that you do not pay more to purchase Retirement Partner products or services through the Firm, than you would pay to purchase those products or services through another broker-dealer, and your Advisor does not individually receive additional compensation for selling or recommending a Retirement Partner product or service.

## **529 Plans**

In addition to commission-based compensation for sales of 529 plans, 529 plan assets are included in the amount of total mutual fund or variable annuity assets for which revenue sharing is paid as described above. We do not separately account for these payments and does not have any 529 Plan Strategic Partners.

## **ITEM 15 – CUSTODY**

Our affiliate, Cetera Investment Services, will maintain your account assets as a qualified custodian in its capacity as a broker-dealer. It will send you account statements, which you should carefully review. In addition to the account statements you may receive, we will send you quarterly performance reports, which among other things, list your account holdings and performance. You should compare the account statements and quarterly performance reports you receive from us.

Cetera Investment Services' mailing address is: Cetera Investment Services LLC 400 First Street South, Suite 300 St. Cloud, MN 56301.

## **ITEM 16 – INVESTMENT DISCRETION**

As discussed in more detail in Item 4 of this brochure, in certain programs you may authorize your Advisor to have investment discretion over your account. An Advisor must receive written approval from us prior to offering investment discretion services to you. If we approve an Advisor to offer investment discretion to clients, they must also obtain written authorization from you prior to exercising such discretionary authority over your account. You may place reasonable restrictions on the management of your account, whether it is discretionary or non-discretionary, including restrictions on the type of securities that can be purchased in your account.

Our Advisors are prohibited from having the ability to withdraw funds and/or securities from your account without your express permission.



## ITEM 17 – VOTING CLIENT SECURITIES (I.E., PROXY VOTING)

For all the advisory services and programs offered through our Firm, neither we, nor our Advisors, have any authority to vote proxies on your behalf. You are solely responsible for receiving and voting proxies for the securities that you maintain within your account. You will receive proxies or other solicitations directly from the custodian and/or transfer agent.

For TPMM Accounts – Depending on the TPMM's proxy voting policies and procedures, the TPMM may require that you appoint them as your agent and attorney-in-fact with discretion to vote proxies on your behalf. Please carefully review the TPMM's disclosure brochure to understand their proxy voting policies and procedures.

## ITEM 18 – FINANCIAL INFORMATION

We do not take prepayment of more than \$1,200 in fees, six months or more in advance or have a financial condition that could impair our ability to meet our contractual obligations. Therefore, we are not required to provide our audited balance sheets.



# FORM ADV PART 2A APPENDIX 1 WRAP FEE PROGRAM BROCHURE

## ITEM 1 – COVER PAGE

### Cetera Investment Advisers LLC

1450 American Lane, STE 650

Schaumburg, IL 60173

800.245.0467

[www.cetera.com/clients-cetera-investment-services](http://www.cetera.com/clients-cetera-investment-services)

October 11, 2023

This brochure provides information about the qualifications and business practices of Cetera Investment Advisers LLC. If you have any questions about the contents of this brochure, contact us at 800.245.0467. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Cetera Investment Advisers LLC. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Cetera Investment Advisers is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Kristy Haley  
Chief Compliance Officer  
655 W. Broadway, 12th Floor  
San Diego, CA 92101  
800.879.8100  
[www.cetera.com](http://www.cetera.com)



INVESTMENT  
ADVISERS LLC

## ITEM 2 – SUMMARY OF MATERIAL CHANGES

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Securities and insurance products are offered through Cetera Investment Services LLC (doing insurance business in CA as CFG STC Insurance Agency LLC), member FINRA/SIPC. Cetera Investment Services LLC is not affiliated with any financial institution where investment services are offered.

**Investments are: \*Not FDIC/NCUSIF insured \*May lose value \*Not financial institution guaranteed \*Not a deposit \*Not insured by any federal government agency.**

# ITEM 3 – TABLE OF CONTENTS

ITEM 2 SUMMARY OF MATERIAL CHANGES..... 1

ITEM 3 TABLE OF CONTENTS..... 2

ITEM 4 SERVICES, FEES, AND COMPENSATION ..... 3

ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS..... 16

ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION..... 16

ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS ..... 20

ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS..... 20

ITEM 9 ADDITIONAL INFORMATION ..... 21

## ITEM 4 – SERVICES, FEES, AND COMPENSATION

### Description of Firm

Since 1983, Cetera Investment Advisers LLC (the “Firm”) has provided investment advisory services designed to help clients fulfill their financial goals. The Firm conducts business throughout the United States through investment adviser representatives (“Financial Advisors” or “Advisors”) who are independent contractors registered with Cetera Investment Services LLC.

The Firm is a wholly-owned subsidiary of Cetera Financial Group, Inc. (Cetera), a Delaware corporation, which is wholly-owned by Aretec Group, Inc. (Aretec). Aretec is a wholly-owned subsidiary of GC Two Intermediate Holdings, Inc., and an indirect wholly-owned subsidiary of GC Two Holdings, Inc.

As used in this brochure, the words “we,” “our,” and “us” refer to Cetera Investment Advisers LLC and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person in this brochure. Our Associated Persons are our firm’s officers, employees, and all individuals providing investment advice on behalf of our firm. The term Advisors refers to the investment adviser representatives offering advice on behalf of our firm.

We offer portfolio management services through various programs described in our ADV Part 2 brochure including but not limited to various wrap-fee programs (Programs) as described in this wrap-fee program brochure. We are the sponsor and investment adviser for the Programs. A wrap-fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. If you participate in our wrap fee programs, you will pay our firm a single fee, which includes money management fees, certain transaction costs, and custodial and administrative costs. You are not charged separate fees for the respective components of the total services. We receive a portion of the wrap fee for our services.

There is no guarantee that the advisory services offered under the Programs will result in your goals and objectives being met. Nor is there any guarantee of profit or protection from loss. No assumption can be made that an advisory fee arrangement or portfolio management service of any nature will provide a better return than other investment vehicles. Wrap-fee programs are not suitable for all investment needs, and any decision to participate in a wrap fee program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations. The benefits under a wrap fee program depend, in part, upon the size of the account and the number of transactions likely to be generated. For accounts with little to no trading activity, a wrap-fee program may not be suitable because the wrap account fees could be higher than fees in a traditional brokerage or advisory account. You should evaluate the total cost for a wrap-fee account vs. the cost of participating in another program or account.

Prior to becoming a client under the Programs, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid. Most advisory relationships begin with an initial client meeting. Typically, meetings are done in person, over the telephone, or through email communications. The purpose of this initial meeting is to discuss with your Advisor your investment history, goals, objectives, and concerns as it relates to the management of your account.

The investment advisory services provided by Cetera Investment Advisers depend largely on the personal information you provide to your Advisor. For our firm to provide appropriate investment advice to, or, in the case of discretionary accounts, make appropriate investment decisions for you, it is very important that you provide accurate and complete responses to your Advisor’s questions about your financial condition, needs and objectives, and any reasonable restrictions you wish to apply to the securities or types of securities to be bought, sold, or held in the managed account. It is also important that you inform your Advisor of any changes in your financial condition, investment objectives, personal circumstances, and reasonable investment restrictions on the account, if any, which may affect your overall investment goals and strategies.

### Services, Fees and Compensation

The Firm is the sponsor of many wrap-fee programs that include advisory, custody and brokerage execution services, to give you as much flexibility as possible. The specific wrap-fee program selected by you may cost you more or less than purchasing the services offered in each program separately. Factors that bear upon the cost of a particular advisory program in relation to the cost of the same services purchased separately include, but may not be limited to, the type and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and client-related services provided to the account.

The following is a list of our wrap-fee programs:

1. Prime Portfolio Services
2. Mutual Fund/Exchange Traded Funds Advisory Program
3. xMA® Next Generation Managed Account Program
4. InvestPath Program

### **Prime Portfolio Services**

We sponsor the Prime Portfolio Services (Prime). In this program, your Advisor will create a mix of investments that are appropriate for your investment goals. The benefit of opening this type of account includes:

- Individualized management of your account
- Annual reviews of your account

### *Types of Securities*

Your Advisor will purchase securities on your behalf based on your goals and objectives. In order to meet your needs, we provide a wide range of investment choices for you to consider. Some of the securities we may offer to you include, but are not limited to:

- General securities (stocks and bonds)
- Covered call options and protective put options
- Fixed income securities
- Mutual funds
- Structured products
- Exchange traded funds
- Unit investment trusts

### *Minimum Account Opening Balance*

In general, we require a minimum deposit of \$50,000 to open a Prime Account. Your opening balance may include both cash and securities. Depending on a number of factors, we may waive the minimum required balance, including whether or not you have other accounts with us.

### *Prime Advisory Fee Schedule*

<b>Prime Fee Schedule</b>	
Account Size	Maximum Annual Fee
\$0 – \$249,999	2.50%
\$250,000 – \$499,999	2.30%
\$500,000 – \$999,999	1.75%
\$1,000,000 – \$4,999,999	1.50%
\$5,000,000 – \$9,999,999	1.25%
\$10,000,000 +	1.25%

In addition to the AUM fee, if you close a Prime Account within the first year, you will pay a separate administrative fee of \$200. Although you do not pay a transaction charge for the purchase and sale of securities in a Prime Account, you should be aware your Advisor pays us transaction costs for those transactions. Because your Advisor pays the transaction costs in a Prime Account, there is a conflict of interest as the Advisor has an incentive to recommend fewer transactions in an account than may have been made if the Advisor was not subject to these costs. Clients should understand that the cost to your Advisor for transactions is a factor that your Advisor considers when deciding which securities to select and how frequently to place transactions in a Prime Account.

Other brokerage account fees and expenses will be charged when applicable and are listed in the Firm's schedule which is also available from your Advisor. These other brokerage account fees and expenses defray our costs associated with maintaining and servicing client accounts and includes compensation to The Firm. The additional compensation the Firm



receives represents a conflict of interest because the Firm receives a financial benefit when it provides services in connection with maintaining and servicing your account. This compensation, however, is retained by the Firm and is not shared with your Advisor, so your Advisor does not have a financial incentive to recommend certain transactions or for the Firm to provide such additional services.

#### *Cetera Investment Services NTF Mutual Funds*

We offer a wide range of mutual funds, including mutual funds in the Cetera Investment Services NTF (non-transaction fee) mutual fund program. This program is maintained by our affiliate, Cetera Investment Services LLC. Cetera Investment Services, at its sole discretion, may add or remove mutual funds from the NTF program without prior notice. In the Cetera Investment Services NTF program, transaction costs are waived on purchases that would normally carry a transaction charge, which may provide your Advisor with an incentive to recommend a Cetera Investment Services NTF mutual fund. This incentive is increased if you have a Prime Account due to the fact that your Advisor pays for the transaction costs.

#### *Trading Authorization*

A Prime Account can be managed either on a discretionary or non-discretionary basis.

### **Additional Information for Prime Accounts**

#### *Borrowing Money (Margin Accounts)*

A margin account is an account where you may borrow funds for the purpose of purchasing additional securities. You may also use a margin account to borrow money to pay for fees associated with your account or to withdraw funds. If you decide to open a margin account, please carefully consider that: (i) if you do not have available cash in your account and use margin, you are borrowing money to purchase securities, pay for fees associated with your account or withdraw funds; and (ii) you are using the securities that you own as collateral.

Money borrowed in a margin account is charged an interest rate that is subject to change over time. This interest rate is in addition to other fees associated with your account. The Firm retains a portion of the margin interest charged, which is a source of revenue. This compensation represents a conflict of interest as the Firm has a financial benefit when you maintain a margin debt balance. However, this compensation is retained by the Firm and is not shared with your Advisor, so your Advisor does not have a financial incentive to recommend that you maintain a margin balance. Your Advisor does have a conflict of interest when recommending that you purchase or sell securities using borrowed money. This conflict occurs because your advisory fee is based on the total market value of the securities and cash balances in your account. If you have a margin debit balance (in other words, you have borrowed and owe money to the Firm), your margin debit balance does not reduce the total market value of your account. In fact, since you have borrowed money to purchase additional shares, the total market value of your account will be higher, which results in a higher advisory fee.

Please also carefully review the margin disclosure document for additional risks involved in opening a margin account.

### **Mutual Fund/Exchange-Traded Funds Advisory Program**

We offer a portfolio management service known as the Mutual Fund/Exchange Traded Funds Advisory Program (MF/ETF Program). As of April 17, 2013, CIM (Model Provider), an affiliated investment adviser, is responsible for developing a set of tactical model portfolios of securities (Strategic PLUS Portfolios) and a set of passive model portfolios of securities (Strategic Portfolios) (the Strategic PLUS Portfolios and the Strategic Portfolios collectively referred to as the "Portfolios") available to you through the program. The Model Provider may add or remove one or more Strategic PLUS Portfolios or Strategic Portfolios from the program from time to time. Once you have determined your preference for either Strategic PLUS Portfolios or Strategic Portfolios for the program, we will recommend a portfolio that is consistent with your risk tolerance, choosing from the applicable set of portfolios made available by Model Provider for the program. With respect to your portfolio, the Model Provider will independently select the mutual funds and/or exchange traded funds (ETFs) that constitute your asset allocation model as a provider (Strategist) of model portfolio design services to the program or, in its sole discretion, it may authorize a third-party money manager to select the funds as a Strategist to the program. In either case, the program fee payable to us and/or our affiliates with respect to the applicable set of portfolios will be the same and the cost for any third-party money manager's services as a Strategist shall be charged to us and/or its affiliates.

The following advisors currently serve as Strategists for the MF/ETF Program in addition to Model Provider:

- Wilshire Associates
- Sage Advisory
- Columbus Macro, LLC

### *MF/ETF Program Profile and Proposal Process*

Your relationship begins with you completing an Investor Profile Questionnaire (IPQ). The purpose of the IPQ is to assist your Advisor in understanding your investment objectives, financial situation, risk tolerance, investment time horizon and other pertinent information. The information that we gather will also be used to propose an appropriate asset allocation model for your account in the MF/ETF Program. Once you receive the proposal and meet with your Advisor, you will determine whether to adopt, modify or reject the recommended asset allocation model.

### *Investment Management Philosophy*

Our MF/ETF Program provides you with the opportunity to participate in an asset allocation program using a tactical model, a strategic model, or a combination of tactical and strategic models, which are discussed in more detail below.

### *Strategic Asset Allocation*

Strategic asset allocation is a portfolio strategy that involves the periodic rebalancing of your portfolio in order to maintain a long-term goal of a chosen asset allocation mix. The initial investments are chosen based on expected returns and within your risk tolerance. Because the value of the assets can change based on market conditions, the portfolio constantly needs to be re-adjusted to meet the policy. This is often called rebalancing.

The emphasis is on preserving this initial chosen asset allocation mix because the mix ultimately relates to a larger performance objective based on historical data.

### *Tactical Asset Allocation*

Tactical asset allocation is a portfolio strategy that involves the rebalancing of assets held in various categories in order to take advantage of market pricing anomalies or strong market sectors, as chosen by the portfolio managers. This strategy allows the Strategist the opportunity to try and create extra value by taking advantage of these potential situations in the markets. It is a moderately active strategy and may use short-term trading methods.

The investment philosophy is usually based on the belief that investor psychology and market forces can lead to periods when certain securities or classes of securities are not efficiently valued by the market.

A tactical allocation process attempts to capture these pricing inefficiencies. It is not a fixed asset weight mix and the allocation and risk level of the portfolio may change quite dramatically.

### *Trading Authorization*

Your Advisor will assist you in determining an appropriate investment strategy to follow. By completing the account opening documentation, you authorize us to execute transactions on a discretionary basis. We, in turn, utilize FDX Advisors, Inc. (Folio), an independent investment adviser, to execute the transactions on your behalf. Folio will use discretionary authority to execute securities transactions that are recommended by the models developed by the Strategist. Folio will rebalance your account whenever the account moves up or down 25% from the target allocation designed by the Strategists:

- Wilshire Associates
- Sage Advisory
- Columbus Macro, LLC

### *Minimum Account Opening Balance*

In general, the MF/ETF Program requires a minimum deposit of \$25,000 for accounts consisting of mutual funds or \$50,000 for accounts utilizing ETF securities.

## MF/ETF Fee Schedule

MF/ETF Fee Schedule	
Account Size	Maximum Annual Fee
\$0 – \$250,000	2.75%
\$250,001 – \$500,000	2.50%
\$500,001 – \$750,000	2.00%
\$750,001 – \$1,000,000	1.75%
\$1,000,001 +	1.50%

In addition to the AUM fee, if you close a MF/ETF account within the first year, you will pay a separate administration fee of \$200.

### *Transaction Costs*

Transaction costs are the costs associated with purchasing or selling securities. In the MF/ETF Program, any transaction costs associated with your account are included or wrapped into your advisory fee. Other brokerage account charges, such as stop payment fees, Fed Fund Wire Fees and margin interest will be charged to your account when applicable; a list of those fees that may be charged is available and can be obtained from your Advisor. These other brokerage account fees and expenses defray our costs associated with maintaining and servicing client accounts and includes compensation to the Firm. The additional compensation the Firm receives represents a conflict of interest because the Firm receives a financial benefit when it provides services in connection with maintaining and servicing your account. This compensation, however, is retained by the Firm and is not shared with your Advisor, so your Advisor does not have a financial incentive to recommend certain transactions or for the Firm to provide such additional services.

### **xMA<sup>®</sup> Program**

We offer a portfolio management service known as Next Generation Managed Account (xMA). xMA provides access to independent investment manager(s) to design models based on investment styles. The models may consist of multiple types of securities but typically utilize some or all of the following: fixed income, open-end mutual funds, exchange-traded funds, ETFs, and general securities.

### **xMA Proposal and Investment Policy Statement Process**

Your xMA relationship begins with completing an Investor Profile Questionnaire (IPQ). The purpose of this questionnaire is to assist your Advisor in understanding your investment objectives, financial situation, risk tolerance, investment time horizon and other pertinent information. The information that we gather will also be used to recommend an appropriate xMA Manager. Based on the answers provided to the Firm, an Investment Policy Statement (IPS) will be generated. The IPS will present to you one of several investment styles for consideration.

### *Trading Authorization and Discretionary Management*

This program is a discretionary program. The type of discretionary authority exercised depends on the model portfolio that you invest in. Your Advisor will have discretion to choose the xMA Manager.

By completing the account opening documentation, you authorize us, or as applicable, the manager of a fixed income model (Fixed Income Model), to act as your agent and attorney-in-fact to direct the investment and reinvestment of the assets in your account. For accounts that do not utilize a Fixed Income Model, we, in turn, authorize Folio, an independent investment adviser, to act as Overlay Manager to have full discretionary trading authority to place orders for the purchase and sale of securities recommended by the models developed by such xMA Managers.

### *Use of Independent Investment Managers*

Your Advisor may recommend models designed by one or more xMA Managers. The xMA Manager will independently select the securities for the model selected. With the exception of Fixed Income Models, the securities that comprise the model will be sent to Folio for trading.

## *Fixed Income Models*

Your Advisor may recommend models designed by managers to invest in fixed income securities. If a Fixed Income Model is selected, the fixed income manager will have investment and trading discretion over the trades for that account.

## *Minimum Account Opening Balance*

In general, we require a minimum deposit of:

1. \$100,000 for equities only
2. \$100,000 for fixed income managers who use equities and ETF investments
3. \$250,000 for a managers who use individual fixed income issues, such as individual bonds

The minimum deposit may consist of both cash and securities. Managers may have different account minimums, restrictions on the types of investments they manage, and other pertinent details. Please refer to the manager's Form ADV Part 2A Brochure for additional information.

## *xMA Fee Schedule*

<b>xMA Fee Schedule</b>	
Account Size	Maximum Annual Fee
\$0 – \$500,000	2.90%
\$500,001 – \$1,000,000	2.70%
\$1,000,001 – \$2,000,000	2.00%
\$2,000,001 +	1.50%

In addition to the AUM fee, if you close an xMA account within the first year, you will pay a separate administration fee of \$200.

## *Transaction Costs*

Transaction costs are the costs associated with purchasing or selling securities. In the xMA Program, any transaction costs associated with your account are included or wrapped into your advisory fee. Other brokerage account charges, such as stop payment fees, Fed Fund Wire Fees and margin interest will be charged to your account when applicable; a list of those fees that may be charged are available from your Advisor. These other brokerage account fees and expenses defray our costs associated with maintaining and servicing client accounts and includes compensation to the Firm. The additional compensation the Firm receives represents a conflict of interest because the Firm receives a financial benefit when it provides services in connection with maintaining and servicing your account. This compensation, however, is retained by the Firm and is not shared with your Advisor, so your Advisor does not have a financial incentive to recommend certain transactions or for the Firm to provide such additional services.

## **InvestPath Program (InvestPath Program)**

The InvestPath Program is offered through an interactive website that prompts clients to complete an online risk tolerance questionnaire, which results in a score based on responses to a set number of questions about an investor's age, financial status, income, and goals. Based on the client's responses, and the associated risk tolerance profile generated as a result, an algorithm is then used to allocate investment funds from a client's account to one of five pre-determined asset allocation models (the "Models") as described in more detail below. We have engaged a third party vendor to establish, administer and maintain certain technological, administrative and operational aspects of the algorithm. We may determine from time to time to adjust or enhance the various components of the Program including but not limited to the appropriateness of the available Models.

The Models we make available in the InvestPath Program are comprised of an investment portfolio of mutual funds and ETFs. CIM, an investment adviser that is a related entity of ours creates and provides us with the Models. CIM does not act as an investment adviser to clients of the InvestPath Program. CIA places the initial trades and may also rebalance a client's account through CIS whenever the account holdings deviate from the target allocation based on a variety of parameters designed by CIM. To rebalance an account, which may become necessary based on changing market conditions, the

InvestPath Program's logic will generally cause the purchase and/or sale of mutual funds or ETFs that are underweight or overweight, respectively, to the client's target asset allocation. Rebalancing may have tax implications for a client's InvestPath Program account, and therefore, clients are advised to discuss the tax impact of rebalancing with their tax advisor before investing.

Investment allocation recommendations are based solely on the information provided in response to this questionnaire. Clients receive an annual reminder to review and as needed, update their questionnaire. Whenever a client experiences a life event or change in investment goals that renders the existing risk tolerance questionnaire incorrect or out of date, it is the client's responsibility to update the responses to the risk tolerance questionnaire. InvestPath Program clients may not place trades in their accounts or generally deviate from the Models. Clients may impose restrictions on the types of investments, but such restrictions may result in our being unable to manage that account most effectively. Clients may make additions to or withdrawals from an account at any time. Additions or withdrawals may be in cash either as a one-time or periodic transactions subject to the usual and customary securities settlement procedures.

### *InvestPath Program Fees*

InvestPath Program clients pay annual fees which include a Program Fee, Advisory Fee and, as applicable, a Small Account Fee (collectively, "Client Fees") according to the schedule listed below. Program and Advisory Fees are a percentage of the AUM in the account and are calculated and deducted from the account quarterly, in advance, based on the account's AUM on the last business day of the prior calendar quarter on which the account's holdings may have traded on the applicable stock exchange(s). The Small Account Fee is a flat \$20 fee that may be billed quarterly for accounts that have less than \$10,000. The Program Fee and small account fee are paid to us while the Advisory Fee, which varies by financial institution, is paid to the applicable financial institution. The Program Fee covers: (1) brokerage transaction costs, and (2) clearing and custodial platform fees. Your advisor will receive a portion of the Advisory Fee. The Program Fee, Advisory Fee, and the Small Account Fee (as applicable) do not include certain charges that may be imposed by the custodian such as wire transfer fees or IRA maintenance fees as listed in the InvestPath Program's terms and conditions.

#### **Client Fees**

Account Size	Program Fee	Advisory Fee* (set by financial institution)	Small Account Fee**
\$5,000–10,000	0.35%	Up to 1.00%	\$20 annually (\$5 per quarter)
\$10,001 and Above	0.35%	Up to 1.00%	Not Applicable

\*Please refer to the client agreement provided at account opening.

\*\*The Small Account Fee may be waived or paid by your financial institution or your Advisor.

At account opening, clients expressly authorize the Firm to deduct InvestPath Program related fees. If a client terminates his or her account prior to the end of a quarter, we refund to the client any fees owed on a prorated basis. Because the Advisory Fee is paid to and varies by financial institution, clients need to refer to their InvestPath Program Client Agreement including all applicable exhibits to determine their total Client Fees and any applicable additional fees which reflect the following:

- Firm pays the brokerage commissions or expenses resulting from purchase and sale transactions in the account.
- Firm may use a cash sweep account for purposes of managing uninvested cash in a client's account.
- Firm considers this to be a "wrap fee" program in which the client pays a specified fee for portfolio management services and trade execution.
- Client may incur certain charges imposed by custodians, brokers, investment companies and other third parties, such as transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions.
- Certain Mutual Fund shares may be required to be held for a minimum time period, generally six months. In the event that such shares are redeemed prior to the end of the minimum holding period, they may be subject to a redemption fee.

#### **Client Investment Process**

Our annual portfolio management fee is billed and payable based on the account.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro-rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.



As a client, you should be aware that the wrap fee charged by our firm may be higher (or lower) than those charged by others in the industry, and that it may be possible to obtain the same or similar services from other firms at lower (or higher) rates. A client may be able to obtain some or all of the types of services available through our firm's wrap fee program on an individual basis through other firms and, depending on the circumstances, the aggregate of any separately paid fees may be lower or higher than the annual fees shown above.

### **Important Considerations Prior to Opening an Account**

The list below is meant to provide you with general overviews of several important facts that are common with the advisory programs that we offer. While the list below is not meant to include every possible situation, we do consider and take into account the following:

#### *Reasonable Restrictions*

By stating in the Investment Policy Statement (IPS) proposal or sending a written request to your Advisor, you may impose reasonable restrictions on the management of your account. For example, a reasonable restriction may indicate your desire that we do not invest in a certain sector or industry. Your Advisor will also proactively reaffirm with you any modifications you may have to these restrictions at least on an annual basis during your normally scheduled client review meetings. Pursuant to any restriction(s) you may suggest, your Advisor will document this upon receipt.

However, your Advisor may refuse to accept or manage your account if he/she determines that such restrictions are unreasonable. In the event that your Advisor is unable to accept your restriction, he/she will give you the opportunity to modify or withdraw the restriction.

#### *Deposits and/or Withdrawals*

Unless specifically stated, you may make additions to or withdrawals from your account at any time. If your account falls below the stated minimum required account value, we may terminate your account. You may also add securities to your account; however, note that we reserve the right to not accept particular securities into your account.

#### *Trading Authorization*

Advisory accounts typically involve the purchase and/or sale of securities. Accounts are managed either on a discretionary or non-discretionary basis but may be solely discretionary depending on the program.

#### *Trade Confirmations*

You will receive a trade confirmation from your account custodian for each security transaction placed in your account. Trade confirmation suppression is available upon client request. However, for certain programs other than APM (defined below), unless you uncheck a box on the signature page of the client agreement, you will not receive a separate confirmation for each transaction. In lieu of separate trade confirmations, information from the confirmation will be reported at least quarterly via the brokerage account statement.

#### *Quarterly Performance Reports*

On a calendar quarter basis, you may receive a performance report that indicates how your account has performed over time. If you have any questions regarding the performance of your account, please contact your Advisor.

#### *Minimum Account Opening Balance*

Each wrap-fee program requires a program-specific minimum account opening balance. At its sole discretion, the Firm may waive the minimum account size. If you establish a new account and deposit funds less than the minimum opening balance requirement, your funds will not be managed until the minimum dollar amount is met. Your cash will be placed into a money market fund until the minimum opening balance requirements are met. Your balance in the money market fund is not insured or guaranteed against loss.

## Cash Sweep Program

The Firm also maintains two bank deposit sweep programs that create financial benefits for the Firm as described below. The Firm also receives additional compensation for non-retirement account assets that are swept into the money market fund sweep program as described below. The additional compensation received by the Firm creates a conflict of interest with the Firm's clients.

**FDIC Insured Bank Deposit Sweep Account.** The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency insuring deposits in U.S. banks and thrifts in the event of bank failures. Two programs, the FlexInsured Account Program and the Insured Deposit Sweep Account Program (FDIC-Insured Programs), made available by the broker dealer referenced in Item 10 that is a related entity to Cetera ("Related BD") enable clients' available cash balances awaiting investment or reinvestment in eligible accounts, including cash balances derived from the sale of securities, dividend payments, interest credited from bonds, and cash deposits, to be automatically deposited (swept) into interest bearing deposit accounts offered through one or more participating program banks (Program Banks). Deposits at an individual Program Bank are covered by FDIC insurance up to a maximum of \$250,000 and an aggregate total across all Program Banks of up to \$2,500,000, subject to bank availability. For purposes of calculating the available FDIC coverage at each Program Bank, cash deposited at a Program Bank is aggregated with all other deposits held by you outside of the FDIC-Insured Programs in the same insurable capacity at that Program Bank. Under certain economic conditions or for other reasons, it is possible for Program Banks to limit or reduce the amount of deposits they will accept through FDIC-Insured Programs. If Program Banks cannot accept all the cash balances in your account due to such capacity constraints, then your excess funds will be invested in shares of a money market fund that your Related BD makes available. If the money market fund is not accepting excess funds, then those excess funds will be maintained in your account as a free credit balance (discussed below). The overall amount of available FDIC insurance protection will vary depending upon the number of Program Banks accepting deposits through the FDIC-Insured Programs at any time. If most or all of the Program Banks have insufficient capacity to accept any funds (or any further funds), then the aggregate amount of FDIC insurance coverage available to you could be significantly reduced.

Should you wish to move your free credit balance into a money market mutual fund or other product that Cetera makes available for purchase, such as U.S. Treasuries or a brokered Certificate of Deposit, your financial professional can assist you. If you are invested in a wrap fee program, all transaction charges are included in the fees you pay for that program. We also offer a limited number of non-wrap fee programs which would require you to pay the transaction charge for purchasing such a product. If you are unsure of what type of program you are in, please discuss with your financial professional. You should consider your investment objectives, liquidity needs and risk tolerance in reviewing whether participation in the applicable FDIC-Insured Program or another product is appropriate for you. If you desire to maintain a large cash position for an extended period of time, you should contact your financial professional to discuss your options.

It is your responsibility to monitor any deposits that you have at each Program Bank including deposits outside of the FDIC-Insured Programs so that you do not exceed the applicable limits on FDIC insurance coverage as described above. Funds deposited through the FDIC-Insured Programs are not eligible for SIPC protection.

**FlexInsured Account Program.** The FlexInsured Account is the default sweep vehicle for non-retirement advisory accounts. For its role in offering the FlexInsured Account Program, the Related BD earns additional compensation in the form of a payment of a portion of the earned interest received from a Program Bank (payment) which is based on the amount of money on deposit by all FlexInsured Account Program participants and the applicable interest rate paid at that time by that Program Bank. The amount of a payment to the Related BD will vary but will not exceed 6.00% on an annualized basis as applied across all FlexInsured Accounts. The maximum annual percentage to be received by the Related BD may be changed upon 30 days' prior notice to participants in the FlexInsured Account Program. The Related BD, in its discretion, may reduce the amount of a payment and vary the reductions among clients which would result in some clients getting paid a higher interest rate, and, therefore, earning more interest than other clients. Additionally, the payments the Related BD receives generally vary by Program Bank and will affect the interest rate paid to you.

This compensation that Cetera receives presents a conflict of interest, because Cetera receives a greater financial benefit when cash is swept into the FlexInsured Account than it otherwise would if your cash balance is held in a money market mutual fund or other product, and the fees that Cetera receives reduces the amount of interest you receive in the FlexInsured Account. The interest that you receive and Cetera's fees are both paid from the total funds paid by the Program Banks on FlexInsured Accounts. Consequently, the greater the fees received by Cetera, the less funds are available to pay client interest on FlexInsured Account deposits. In addition, we continue to charge an investment advisory fee while your cash is held in the FlexInsured Account so the fees that we receive from the Program Banks are in addition to the advisory fees that you pay us and your financial professional. This means that we earn two layers of fees on the same cash balances in your FlexInsured account. If we were to reduce or eliminate our advisory fee for cash balances held in FlexInsured Accounts

where such fee reduction is greater than the amount of compensation we receive on FlexInsured Account deposits, this would create a conflict of interest for us to avoid or minimize such cash holdings or to utilize other products, where available.

The interest rate you earn will generally be lower than interest rates available to depositors in interest-bearing accounts held directly at a Program Bank or other FDIC-insured depository institutions, but such institutions could require a minimum amount to establish an interest-bearing deposit account that is maintained outside of the FDIC-Insured Programs. The income we earn from Program Banks based on the balances in the FlexInsured Account program will in almost all circumstances be substantially greater than the amount of interest earned from those same balances in the FlexInsured Account program. Cetera therefore has an incentive for your funds to be swept into the FlexInsured Account program rather than an alternative to the FlexInsured Account.

Cetera is ultimately responsible for setting its fees under the FlexInsured Account program. We receive a substantially higher percentage of the interest generated by deposit balances in the FlexInsured Account program than your account. As a result, you will almost always receive a lower rate of return on cash deposited into the FlexInsured Account than if it were invested in money market mutual funds or bank deposits outside of the FlexInsured Account.

For ERISA advisory accounts, the Firm offers a money market mutual fund, which aims to provide a return on your account balances, as a cash sweep default program.

**Insured Deposit Sweep Account (IDSA) Program.** The IDSA is the default sweep vehicle for advisory IRAs. For its services to support the IDSA Program, the Related BD receives a fixed per account fee each month from participating banks. Within each month, the amount of compensation paid to the Related BD under the IDSA Program does not vary among IDSA Program participants and is not affected by the amounts deposited through the IDSA Program including your IDSA program deposits, but will vary from month to month based on the federal funds target rate, actual number of days in the particular month, and the average aggregate daily balance in the IDSA Program. As a result, from one month to the next, even in an increasing interest rate environment, and/or even if the assets in your account increase or remain the same (or decrease), the interest rate payment to you could decrease. Such a decrease in the amount you receive in the IDSA Program could result from the average aggregate daily balance in the IDSA Program decreasing. The IDSA Program structure presents a conflict of interest because it generates fixed compensation for the Related BD even when the lower average aggregate daily balance decreases the amount of interest that clients receive. Depending on certain market environments or circumstances, Cetera benefits from higher total amounts deposited across all participants in the IDSA Program. The monthly per account fee paid to the Related BD under the IDSA Program is based on a fee schedule that is available at the link provided at the bottom of this section. Although it is generally anticipated that the Related BD's fee under the IDSA Program will be offset by amounts paid by the Program Banks, the Related BD reserves the right to withdraw the monthly account fee, or a portion thereof, from participants' accounts in the event that the amount received from the Program Banks and paid over to the Related BD is less than the Firm's fee for the same period.

Program Banks do not have a duty to offer the highest rates of return available or comparable to those offered in money market funds. The FDIC-Insured Programs should not be viewed as an investment option nor as a long-term holding. If you desire to maintain a cash position in your account for extended period of time awaiting investment and/or seek the highest yields currently available in the market for your cash balances, then you should contact your Advisor about your options outside the FDIC-Insured Programs.

**Money Market Mutual Fund.** Some non-retirement accounts utilize a money market mutual fund ("money market fund") designated as an alternative or excess sweep program to the FlexInsured Account Program (Alternate MMF). The Related BD receives distribution assistance in the form of annual compensation of up to 0.92% for assets held in an Alternate MMF.

The compensation the Related BD receives from the FDIC-Insured Programs and the Alternate MMFs defrays its costs of providing and administering these sweep programs and is also a source of revenue. This compensation that the Related BD receives, presents a conflict of interest to the Firm because the Related BD receives a greater financial benefit when cash is swept into the FDIC-Insured Programs and the Alternate MMFs than it otherwise would if your cash balance is held elsewhere, and any compensation the Related BD receives reduces the interest you receive. This compensation is retained by the Related BD and is not shared with your Advisor, so your Advisor does not have an additional financial incentive that is tied to the compensation from the cash sweep program to recommend that cash be held in the FDIC-Insured Programs or an Alternate MMF rather than investing in securities. The asset-based fee charged in your advisory account includes cash held in the cash sweep program.

A money market mutual fund, unlike a Program Bank deposit, is not insured or guaranteed by the FDIC or any other governmental agency, and it is possible to lose money in a money market mutual fund. The Alternate MMFs, money market

mutual funds held in ERISA advisory accounts, and uninvested cash held by the Firm as a “free credit balance” in all client accounts are covered by the Securities Investor Protection Corporation (SIPC), a non-profit, non- government, membership corporation, funded by member broker-dealers. SIPC’s coverage protects against the custodial risk (not a decline in market value) when a brokerage firm fails by replacing missing securities and cash up to a limit of \$500,000 of which \$250,000 may be in cash per customer in each separate capacity under SIPC rules.

A money market mutual fund generally seeks to achieve a competitive rate of return (less fees and expenses) consistent with its investment objective(s), as described in its prospectus. Money market funds seek to preserve a net asset value of \$1.00, with excess earnings that are generated through interest on portfolio holdings distributed to investors in the form of dividend payments. Average annual rates of return of the money market mutual fund offered as the cash sweep vehicle have varied over time and have typically been higher than the interest rate paid on deposits to you through the FDIC-Insured Programs. Due to stressed market conditions (e.g., which causes the Federal Reserve Bank to purchase government securities from the market in order to lower interest rates and increase the money supply, also known as “quantitative easing”), however, money market funds may not pay investors any excess dividends or distributions. Under severe market stress, a money market fund may fail to preserve a net asset value of \$1.00 and/or may no longer be a viable business for the fund sponsor, which may force the sponsor to liquidate. As a result of any of these factors, it is possible to lose money in a money market fund. The Related BD will earn more money by designating FlexInsured or IDSA as the sweep program for all eligible accounts. Accordingly, the Firm has a conflict of interest in that it has a financial incentive to increase the Related BD’s compensation by selecting FlexInsured or IDSA as the applicable cash sweep program for your account.

For detailed information regarding the terms and conditions of the cash sweep programs, see the Related BD’s FlexInsured Account Program Disclosure Statement at <https://www.cetera.com/cetera-investment-services/disclosures/flexInsured-account>, the Related BD’s Insured Deposit Sweep Account Disclosure Statement available at <https://www.cetera.com/cetera-investment-services/disclosures/insured-deposit-sweep-account>, or the applicable money market mutual fund prospectus. You can obtain copies of such product disclosures from your Advisor. Generally, each account will be eligible for a single cash sweep program, such as a FDIC-Insured Program or a money market mutual fund, based on account type. We may change the products available for your selection. Your Advisor can provide a current list of available options.

#### *Withdrawal of Assets*

You may withdraw account assets on notice to our firm, and subject to the usual and customary securities settlement procedures. However, we design our portfolios as long-term investments and asset withdrawals may impair the achievement of your specific investment objectives.

#### *Termination of Advisory Relationship*

You may terminate the wrap-fee program agreement pursuant to the terms of the agreement. You will incur a pro-rata charge for services rendered prior to the termination of the wrap fee program agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Upon termination of your accounts, the custodian will deliver securities and funds held in the account per your instructions unless you request that the account be liquidated. After the wrap-fee program agreement has been terminated, transactions are processed at the prevailing brokerage rates/fees. You become responsible for monitoring your own assets and our firm has no further obligation to act upon or to provide advice with respect to those assets.

#### **Wrap Fee Program Disclosures**

- The benefits under a wrap fee program depend, in part, upon the size of the Account, the management fee charged, and the number of transactions likely to be generated in the Account. For example, a wrap fee program may not be suitable for Accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for you, you should compare the Program Fee and any other costs of the Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Program.
- In considering the investment programs described in this brochure, you should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from other advisers or broker-dealers.
- Our firm and Associated Persons receive compensation as a result of your participation in the Program. This compensation may be more than the amount our firm or the Associated Persons would receive if you paid separately



for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our Associated Persons have a financial incentive to recommend the Program.

- Similar advisory services may be available from other registered investment advisers for lower fees.

## **Additional Fees And Expenses**

The Program Fee includes the costs of brokerage commissions for transactions executed through the Qualified Custodian (or a broker-dealer designated by the Qualified Custodian), and charges relating to the settlement, clearance, or custody of securities in the Account. The Program Fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through the Qualified Custodian, costs associated with exchanging currencies, wire transfer fees, or other fees required by law or imposed by third parties. The Account will be responsible for these additional fees and expenses.

The wrap program fees that you pay to our firm for portfolio management services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others.

## **Brokerage Practices**

Cetera Investment Services LLC an affiliate of the Firm, provides brokerage services for accounts in the Firm sponsored programs. During the account opening process, you authorize Cetera Investment Advisers LLC to open a custodial account with Cetera Investment Services, 400 First St. S. Suite 300, St. Cloud, MN 56302 and to transfer your account to such other clearing firm as Cetera Investment Services may determine, including a clearing broker affiliated with the Firm and Cetera Investment Services.

We have negotiated competitive pricing and services with Cetera Investment Services for the benefit of our clients. Cetera Investment Services offers their broker-dealer clients substantial financial strength and stability, economies of scale, and reliable, state-of-the-art technology.

We do not receive research or other products or services other than execution from Cetera Investment Services in connection with client securities transactions (soft dollar benefits). We do not consider, in selecting or recommending broker-dealers, whether we or a related person receives client referrals from a broker-dealer or third party.

In addition, you do not generally have the option to direct securities brokerage transactions to other broker-dealers or other account custodians. If, however, you should request, and we approve, the use of a broker-dealer other than Cetera Investment Services for securities transaction execution, you should be aware that we will generally be unable to negotiate commissions or other fees and charges for your account, and we would not be able to combine your transactions with those of other clients purchasing or selling the same securities in a block trade. As a result of your directing trades to a broker-dealer, we would be unable to ensure that your trades receive "best execution". By directing brokerage to a broker, we may be unable to achieve the most favorable execution for your transactions and you may pay more in transaction charges than if you executed trades through another broker-dealer. Therefore, directed brokerage may cost you more money. For more information about the brokerage practices of a third-party money manager program, you should refer to the disclosure brochure for the applicable third-party money manager program.

Most of our Advisors are also registered with an affiliated broker-dealer as a registered representative, which allows them to perform brokerage services for you by executing specific security transactions.

## ***Agency Cross or Principal Trades***

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlling, controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Principal transactions arise when the Firm acts as an investment adviser and broker in a transaction between an advisory client on one side of a transaction and the Firm (including accounts of Firm representatives) on the other side of the transaction. This includes buying securities from or selling any security to an advisory client from the Firm's own account.



The Firm permits agency cross or principal trades in exceptional circumstances with approval from an Advisor's supervisor and the Firm's compliance department. If an exception is approved, the Firm will receive consent from the client prior to executing the transaction and the agency cross and/or principal transactions will be consistent with SEC guidelines. The Firm monitors trading for potential agency and principal trades and reviews every permitted agency cross and principal transaction for suitability. Some of the items that the Firm reviews include, but are not limited to, security pricing and trade volume in order to determine if an agency cross or principal transaction is in the client's best interest. No commission is received for the execution of agency cross or principal transactions.

It is important to note that if you have a retail brokerage account in addition to your advisory account, agency cross transactions executed as a buy and sell between retail brokerage accounts under the control of the same Advisor are permitted without prior approval. Such a transaction will not result in a sales credit or commission payable to the Advisor for the transactions.

### *Block Trading*

Block Trading refers to the aggregation of multiple orders from different clients, for the same securities for submission as a single order for execution. When the purchase or sale of a particular security is appropriate for more than one client account, trades for advisory clients may be aggregated. This is done principally to ensure that clients are treated fairly and that one client is not advantaged at the expense of another client. Trades with advisory clients may be aggregated with those of other clients of your Advisor, the personal trades of supervised persons and trades in proprietary accounts.

Aggregate orders may be filled through multiple executions at different prices during the course of a trading day. If your order is aggregated with other orders, you will receive an average price. Aggregate orders will not reduce your transaction costs.

When an aggregated order is not fully filled (i.e., when an aggregated order is only partially filled), the Firm's trading system will allocate to each account participating in the order the pro-rata amount of shares to each account in accordance with the account's proportion of the overall order.

Block trading in an adviser-directed advisory account is only available if the account is being managed on a discretionary basis, the account is held with Cetera Investment Services and the aggregated trades are submitted through SmartWorks Advisor. For accounts where Folio is the overlay manager, Folio will generally block trades when a transaction is appropriate for several client accounts. For accounts managed by your Advisor (Advisor-managed accounts), your Advisor may aggregate all, none or some of his or her client trades in the Preferred and Prime programs based on, among other things, a client's investment guidelines and restrictions (including those on the use of discretion by the Advisor), the type of securities and the size of the order.

It is the Firm's policy that the order allocation between participating clients may not be changed after the order has been executed.

The Firm's policies do not require your Advisor to block trade client orders. When an Advisor chooses not to aggregate client orders for the same security a conflict of interest exists. In such instances, the adviser must decide which client order to place first which may result in one client receiving a better execution price over another client and could lead to certain client accounts receiving more favorable order executions over time. The Firm does not monitor Advisors choosing not to aggregate orders to determine whether any one client or group of clients is systematically disadvantaged over time.

Clients that are not included in block trading of other client accounts may receive a higher or lower price than clients that have been included in a block trading order. In order to ensure that no client or group of clients is favored over another, the Firm monitors the block trading activity with respect to clients that are not included in block trades with other clients of an Advisor.

### *Trading Errors*

Occasionally, a trading error may occur where either we, or our Advisors, 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 realized by us will be passed on to you.

### *Best Execution*

The Firm is obligated to ensure orders are being sent to the markets in an efficient manner and to execute any transactions in the manner it believes is in the client's best interest. The Firm's primary consideration with regard to purchases and sales for its clients is obtaining the most favorable execution of the transactions needed to implement client's investment strategy. The determinative factor is whether the transaction represents the best qualitative execution for the client account and not whether the lowest possible price is obtained. The Firm reviews reports that help analyze the quality of the executions of the orders that are sent to the market. Most of our Advisors are also registered with our broker-dealer as a registered representative, which allows them to perform brokerage services for you by executing specific security transactions through Cetera Investment Services. An Advisor can, upon recommending a transaction, direct the affiliated broker-dealer to execute the order in the market. In these situations, a client may be unable to achieve the most favorable execution of a transaction and it may cost the client more money than if the client were able to execute transactions through another broker-dealer.

### *Research and Other Soft Dollar Benefits*

We do not have any soft dollar arrangements.

### *Brokerage for Client Referrals*

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

## ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

The Firm generally provides advisory services to individuals, tax-qualified retirement plans, and other institutions.

Our advisory accounts may require a minimum opening deposit. Depending on the specific program, the opening deposit may vary between \$25,000 and \$250,000. The minimum account opening balance required for each program is described in more detail in Item 4 of this brochure, and may be waived at the Firm's sole discretion.

## ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION

We offer both Advisor-directed and turnkey wrap-fee programs. For the Advisor-directed programs (Prime), your Advisor will determine the portfolio allocation and will evaluate, select and monitor the performance of the investments selected for the account. Advisors use industry-standard research and performance reports to determine which investments to include in a portfolio. You should rely on the skill and experience of your Advisor in selecting investments within your stated objectives and risk tolerance. In addition, Advisors may consider manager turnover, among other factors, in determining whether to include a particular investment. In the turnkey programs (Mutual Fund/Exchange Traded Funds Advisory Program, xMA® Next Generation Managed Account Program), we evaluate, select and monitor the performance of managers and/or investments in the platforms using an internal due diligence process and, as applicable, by contracting with Envestnet or FolioDynamix to conduct due diligence on our behalf. In outsourcing fund and, as applicable, manager selection to either Envestnet or FolioDynamix, we rely on each firm's expertise in using objective and transparent methodologies consistent with industry fiduciary standards, to provide a broad-based universe of investment managers and investment options across various investment styles. Each firm utilizes a rigorous approach for researching and selecting managers and/or investments. Among the types of information analyzed are historical performance, investment philosophy, investment style, historical volatility and correlation across asset classes. This review is on-going.

Clients should also refer to any applicable disclosure documents (Form ADV Part 2 or other disclosure document) for any portfolio manager selected to manage all or a portion of a client's assets.

### **Account Reviews**

We review your account in several ways. Our account reviews include:

*Annual Client Contact* – On at least an annual basis, your Advisor will contact you to arrange a review of your advisory accounts with you. In general, this review includes any Firm-Sponsored programs.

*Supervision* – Your Advisor's designated supervisor periodically reviews client accounts of any Advisor who he or she supervises. If this review raises any issues associated with your account, they will investigate the issue to determine if any further action is needed or warranted.

*Home Office Oversight* – Cetera Advisors utilizes a series of surveillance, exception, trade, and other transaction reports that are designed to help facilitate the ongoing review of Cetera Advisors managed accounts.

*Quarterly Performance Reports* – We may send you a written quarterly performance report, which among other things, lists your account holdings and performance.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

Our Advisors may use various methods to determine an appropriate investment strategy for your portfolio. During your initial and subsequent meetings with your Advisor, they will discuss the methods they used. The analysis performed may include the following:

### *Technical Analysis*

This type of analysis utilizes statistics to determine trends in security prices. Technical analysis tends to focus on factors such as trading volume, demand, and security price fluctuations. This type of analysis is also commonly referred to as chart analysis due to the fact that this analysis tends to review various historical charts and graphs.

### *Fundamental Analysis*

This type of analysis concentrates on earnings, a company's financial statements, and the quality of a company's management. These quantitative factors are then used to attempt to determine the financial strength of a company.

### *Asset Allocation*

Asset allocation investment strategies attempt to optimize the risk and reward of your portfolio by investing among several asset classes.

### *Timing Service*

While not a standard analysis method, some Advisors or model providers may offer advisory services that attempt to time security performance. This essentially means they try to purchase or sell immediately preceding an increase or decrease in the security's price. This type of investing can substantially increase the amount of your brokerage transaction costs due to the frequency that transactions are occurring. Also, many mutual funds or variable annuities specifically prohibit excessive buying and selling within their fund in a short period of time. We monitor our accounts for excessive trading activity to ensure that you are aware and comfortable with the level of trading as well as to ensure that the investments are appropriate for you.

### *InvestPath Program*

The Firm has retained Cetera Investment Management LLC (CIM), a related entity of the Firm, to whom the Firm delegates the authority to develop and manage the Models. CIM is organized as a limited liability company under the laws of the state of Delaware and has registered with the U.S. Securities and Exchange Commission as an investment adviser. CIM is not paid any fee to provide these Services.

The Firm makes available the following five Models: (1) conservative, (2) moderately conservative, (3) moderate, (4) moderately aggressive, and (5) aggressive growth. The conservative portfolio is structured to provide for the least investment risk; the aggressive portfolio provides for the most investment risk. These models are developed by the investment personnel of CIM and may also be periodically updated by CIM.

Most of the advisory services we provide involve the purchase or sale of securities. Investment in securities involves risk of loss. The Firm applies risk analysis in making investment decisions or recommendations for its clients, but there can be no guarantee that it will produce the desired results. Such risks include the potential to lose your entire principal value. All securities purchased in the InvestPath Program have disclosure documents that discuss these risks in a prospectus. It is extremely important that you read these documents.

## **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Moreover, custodians and broker-dealers must report the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Risk of Loss**

The wrap-fee programs we offer involve the purchase or sale of securities. All investing involves some level of risk, which you should be prepared to bear. In many cases, the risks include the potential to lose your entire principal value. All securities sold have disclosure documents that discuss these risks. This disclosure document is commonly referred to as a prospectus, but may be called something else depending on the type of security you have purchased. In any case, it is extremely important that you read these documents in their entirety. If you have any additional questions regarding your investments, please speak with your Advisor immediately.

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **Other Risk Considerations**

### *Management Risk*

The services we offer involve your Advisor developing and implementing an investment strategy for you. Developing and implementing a profitable investment strategy inherently involves making decisions about the future behavior of, among other things, the securities markets as a whole and the market for individual securities. Because there is no available methodology for accurately predicting future events over time, there can be no guarantee that your Advisor will be successful in developing a profitable investment strategy for you or in implementing the strategy he or she develops.

### *Market Risk*

This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.

### *Cybersecurity Risk*

The Firm relies on the use and operation of different computer hardware, software and online systems and to varying degrees by investment program. The following risks are inherent to all such programs and are enhanced for online systems: unauthorized access to or corruption, deletion, theft or misuse of confidential data relating to the Firm and its clients; and compromises or failures of systems, networks, devices or applications used by the Firm or its vendors to support the Firm's operations.

### *Vendor Risk*

The Firm relies on third-party vendors to support certain functions. By relying on a vendor, the Firm reduces its level of control over services rendered. If a vendor fails to perform its obligations in a timely manner or at satisfactory quality levels, the Firm will be unable to provide investment advice in a manner consistent with its disclosures to clients.

### *Equity Securities*

In general, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities will rise and fall in response to a number of different factors, including events that affect particular issuers as well as events that affect entire financial markets or industries.

### *Interest Rate Risk*

This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.

### *Credit Risk*

This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

### *Concentrated Investment Strategies*

Certain investment strategies may be concentrated in a specific sector or industry. If you invest in a portfolio or strategy that is made up of a concentrated position, sector or industry, your portfolio will be more likely to sharply increase or decrease in value with changes in the markets. Concentrated strategies are more volatile because the risk associated with each company represents a large percentage of your overall portfolio value.

### *Options*

Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Client should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.

### *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.

### *Active ETFs*

Active exchange traded funds (ETFs) are different than traditional passive index ETFs in that there is a portfolio manager who actively makes buy/sell decisions on the underlying holdings. Certain active ETF sponsors also offer actively managed mutual funds with the same or substantially similar investment objective, strategies, and holdings. In most such cases, however, the fees tend to be less in these ETFs compared to their corresponding mutual fund. When there is a cost variance of up to 15 bps between an active ETF and the corresponding mutual fund, the firm is able to approve both versions of the product. When there is a cost variance of more than 15 bps between an active ETF and the corresponding mutual fund, the firm will only approve the less expensive version of the product.



Also, in addition to our mutual fund strategic partnership relationships as discussed above, approved active ETF sponsors pay us an ETF Servicing Fee. This Servicing Fee presents a financial incentive for the firm and as a result, a conflict of interest. This conflict of interest is mitigated by way of the investment decisions and recommendations being made by the IAR as these ETF Servicing Fees are not shared with the IAR, so the IAR has no financial benefit to select an ETF sponsor that pays us an ETF Servicing Fee.

### *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.

### *Alternative Investments*

Alternative Investments are subject to various risks such as limitations on liquidity, pricing mechanisms, and specific risk factors associated with the particular product, which for products associated with real estate, would include, but not be limited to, and property devaluation based on adverse economic and real estate market conditions. Alternative Investments may not be suitable for all investors. A prospectus that discloses all risks, fees and expenses, and risk factors associated with a particular Alternative Investment may be obtained from your Advisor. Read the applicable prospectus(es) or offering document(s) carefully before investing.

Investors considering an investment strategy utilizing Alternative Investments should understand that Alternative Investments are generally considered speculative in nature and involve a high degree of risk, particularly if concentrating investments in one or few alternative investments or within a particular industry. The risks associated with Alternative Investments are potentially greater and substantially different than those associated with traditional equity or fixed income investments.

### **Proxy Voting**

For all the advisory services and programs offered through our Firm, neither we, nor our Advisors, have any authority to vote proxies on your behalf. You are solely responsible for receiving and voting proxies for the securities that you maintain within your account. You will receive proxies or other solicitations directly from the custodian and/or transfer agent.

## **ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

In order to provide the Program services, we will share your private information with your account custodian. We may also provide your private information to mutual fund companies and/or private managers as needed to construct appropriate portfolios for you. Any selected strategist or portfolio manager would have access to all information provided by you to your Advisor. We will only share the information necessary in order to carry out our obligations to you in servicing your account.

## **ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Without restriction, you should contact our firm or your advisory representative directly with any questions regarding your Program account. You should contact your advisory representative with respect to changes in your investment objectives, risk tolerance, or requested restrictions placed on the management of your Program assets. You may not have direct access to outside strategists or portfolio managers.



## ITEM 9 – ADDITIONAL INFORMATION

### **Disciplinary Information**

The Firm does not have any legal or disciplinary events to report.

### **Other Financial Industry Activities and Affiliations**

#### *Corporate Structure*

Cetera Investment Advisers LLC is part of Cetera Financial Group, Inc., a network of independent broker-dealers and investment advisers. Cetera Financial Group also owns Cetera Investment Management LLC (a registered investment adviser) and other broker-dealers and investment advisers, including Cetera Financial Specialists LLC and Cetera Investment Services LLC. Some of the Firm's Advisors may be affiliated with either Cetera Financial Specialists or Cetera Investment Services. Information about these related firms appears on our Form ADV Part 2A, Schedule D, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Some of our affiliated companies are also general insurance agencies.

The Firm is part of Cetera Financial Group, Inc., which is wholly-owned by Aretec. Aretec is a wholly-owned subsidiary of GC Two Intermediate Holdings, Inc., and an indirect wholly-owned subsidiary of GC Two Holdings Inc. Cetera Financial Group, Inc. has a network of independent broker-dealers, investment advisers registered with the SEC, and general insurance agencies.

#### *Affiliated Products*

If assets in a Firm-Sponsored program are invested in shares of one or more mutual funds or variable contract products or similar pooled products (Affiliated Products) for which an affiliate of the Firm serves as investment adviser or other service provider (Affiliated Service Provider), then the Affiliated Service Provider will generally receive a management fee from the Affiliated Product as set forth in the Affiliated Product's prospectus or other offering documents, and it or its affiliates may receive other compensation in connection with the operation and/or sale of the Affiliated Product, to the extent permitted by applicable law. Assets invested in Affiliated Products may be included in the advisory fee assessed by the Firm. If an Affiliated Product is used in a Firm-Sponsored program, and the assets invested in the Affiliated Product are subject to Title I of ERISA or is an IRA, the Firm will waive the advisory fees for the assets invested in the Affiliated Product.

A conflict of interest exists in that the Firm and its Affiliated Service Provider is paid more compensation if you invest in an Affiliated Product instead of a non-Affiliated Product. To mitigate this conflict of interest, we routinely review our client accounts to ensure that the recommended services and products are consistent with your stated goals and objectives.

#### *Broker-Dealer Affiliation*

Most of our Advisors are also registered with us or a related broker-dealer as a registered representative, which allows them to perform brokerage services for you by executing specific security transactions. Our Advisors may also be licensed insurance agents appointed with various insurance companies. In their capacity as registered representatives and/or licensed insurance agents, they may offer securities and insurance products and receive commissions as a result of such transactions, which presents a conflict of interest because the Advisor has an interest in making commissions.

The Advisor has an incentive to advise you to purchase such products and the purchase may not be in your best interest and may not be suitable for your account. To mitigate this conflict of interest, we routinely review our client accounts to ensure that the recommended services and products are consistent with your stated goals and objectives.

Due to the fact that your Advisor has the ability to offer advisory and brokerage services, your Advisor is conflicted as to the investment options they recommend. In a brokerage account, your Advisor is paid on a transactional basis. In an advisory account, your Advisor is compensated based on an advisory fee that may be flat, fixed, or a percentage of the assets under management. Your investment needs should influence your decision whether to open an advisory or a brokerage account. An advisory account is likely more suitable if you are looking for a long-term investment strategy, quarterly performance reporting, and an ongoing relationship with your Advisor.

While accounts are reviewed for suitability by an appointed supervisor and the Firm monitors for certain in appropriate trading, you should be aware of the incentives we have to sell certain account types and investment products for which Cetera Investment Advisers receives compensation (as described above) and you are encouraged to ask us about any conflict presented. Please be aware that you are under no obligation to purchase products or services recommended by us, members of our Firm, or a related entity in connection with providing you with any advisory services.

### *Other Affiliations*

Our Advisors may operate their own independent companies outside of Cetera Investment Advisers. These unaffiliated companies may include other investment advisory firms, accounting/tax practices, insurance services and legal and compliance services, among others.

We may also enter into certain arrangements to offer brokerage and advisory services to the clients of independent unaffiliated financial institutions (credit unions, credit union service organizations, banks and savings and loan institutions). A substantial portion of the client advisory fee will be paid by us to the financial institution pursuant to a fee sharing/promoter arrangement as long as the client agreement is in effect. Certain financial institutions provide financial incentives to the Advisor to recommend services and products that earn advisory fees over services that earn brokerage commissions. Additionally, certain financial institutions incentivize the Advisor to add new client assets to advisory accounts over specified periods of time. These financial incentives create a conflict of interest. To mitigate this conflict of interest, we routinely monitor our advisory programs and client accounts to ensure that the recommended services and products are consistent with your stated goals and objectives and maintain policies, such as minimum account openings, to ensure the account is appropriate for the applicable advisory program or service. Please contact your Advisor if you would like to receive additional information regarding whether your Advisor's financial institution provides the type of financial incentive referenced above.

### **Description of Our Code of Ethics**

We are committed to providing brokerage services and investment advice with the utmost professionalism and integrity. To help us avoid potential conflicts, we have developed a Code of Ethics designed to protect our professional reputation and comply with federal or other applicable securities laws. This Code of Ethics sets forth guidelines and restrictions for personal securities trading, including an absolute prohibition of trading on the basis of "inside" (i.e., material, non-public) information. Adherence to our code of ethics is a condition of employment or affiliation with the Firm. Our Code of Ethics is summarized as follows:

#### *Personal Investing by Your Advisor*

Your Advisor may purchase or sell the same security as you. This type of trading activity creates a conflict between your Advisor and you because your Advisor's transaction may receive a better price than your transaction. Our Code of Ethics places restrictions on your Advisor's personal trading activities. These restrictions include a prohibition on trading based on non-public information, pre-clearance requirements for certain personnel transactions with advance knowledge of model transactions and a requirement that any personal securities transactions do not disadvantage clients or otherwise raise fiduciary or antifraud issues.

Also, your Advisor may not purchase securities in an initial public offering or participate in a private placement without our written approval.

#### *Personal Holdings and Transaction Reporting*

We receive information of the security transactions purchased and/or sold by your Advisor in their personal accounts. We, also, receive information listing all securities that they currently own in their personal securities accounts. We also use monitoring systems to supervise trading in Advisor personal accounts that are held through Cetera Investment Advisers. Certain investments are not required to be reported to us by your Advisor, such as mutual funds holdings and securities issued by the Government of the United States.

You may request a copy of our Code of Ethics at any time by contacting your Advisor or by contacting our Firm at the telephone number on the cover of this brochure.

## **Client Referrals and Other Compensation**

We have individuals who are not affiliated with us introduce prospective clients to us. The individuals (called Promoters or Referring Partners) are paid a fee that is based on the advisory fee that you pay. If you are introduced to us through a Promoter or Referring Partners, we will provide you with a separate written disclosure statement indicating that a referral fee is being paid to an individual who is unaffiliated with our Firm.

## **Compensation from Strategic Partners**

Although we offer thousands of mutual funds from more than 250 mutual fund companies, and hundreds of variable life and annuity contracts from more than 100 insurance companies, we concentrate our marketing and training efforts on those investments offered by a much smaller number of select and well-known companies (Strategic Partners). Strategic Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Strategic Partners have more opportunities than other companies to market and educate our Advisors on the investments and products they offer. We also provide Strategic Partners with additional opportunities to make their products available in programs or services offered by the Firm. For a current list of our Strategic Partners, please see the below list of Strategic Partners.

Our Strategic Partners pay extra compensation to us and/or our affiliates in addition to the usual product compensation described in the applicable prospectus. The additional amounts that Strategic Partners pay us vary from one Strategic Partner to another and from year to year. Some Strategic Partners pay Advisors up to 0.45% of your total purchase amount of a mutual fund or variable insurance product. So, for example, if you invest \$10,000 in a mutual fund, we could be paid up to \$45. Additionally, some Strategic Partners make a quarterly payment or additional quarterly payment based on the assets you hold in the fund or variable insurance product over a period of time of up to 0.15% per year. For example, on a holding of \$10,000, we could receive up to \$15.

Alternatively, we may receive compensation from the mutual fund or insurance company as: (1) a flat fee regardless of the amount of new sales or assets held in client accounts; or (2) the greater of such flat fee or amount based on assets and/or new sales as referenced above and any ticket charge payments referenced below. These payments are designed to compensate us for ongoing marketing and administration and education of its employees and Advisors. You do not make these payments. They are paid by the mutual fund and insurance companies and/or their affiliates out of the assets or earnings of the funds or insurance companies or their affiliates.

It is important to note that you do not pay more to purchase Strategic Partner mutual funds or insurance products through us than you would pay to purchase those products through another broker-dealer, and your Advisor does not receive additional compensation for selling a Strategic Partner product.

We also receive revenue sharing payments from companies that are not Strategic Partners.

### ***Conflicts of Interest in Receiving Revenue Sharing from Strategic Partners***

A conflict of interest exists in that we are paid more revenue-sharing fees if you purchase one type of product instead of another and/or you purchase a product from one particular sponsor instead of another. Your Advisor also indirectly benefits from Strategic Partner payments when the money is used to support costs relating to product review, marketing or training, or for waiver of ticket charges, as described below. Our Advisors do not receive any compensation associated with the revenue sharing payments.

### ***Mutual Fund Ticket Charges***

When you purchase a mutual fund of a Strategic Partner, we may absorb the nominal "ticket charge" for each transaction of approximately \$30, which would normally be paid by your Advisor. Generally, the mutual fund families that participate in the Strategic Partner Program subsidize some of these ticket charges through the compensation mentioned above or by paying us a per trade fee of up to \$10. The type of transaction in a Strategic Partner mutual fund purchase that qualifies for a ticket charge waiver varies depending on the particular Strategic Partner. In general, the ticket charge will be waived for the purchase of certain mutual funds in an amount of \$2,500 or more. Every mutual fund offered by us may be purchased without a ticket charge by processing the transaction with a check and application sent directly to the mutual fund company. We believe that these ticket charge waivers do not result in a conflict of interest between you and your Advisor.

### *Training and Education Compensation*

We and our Advisors also receive additional compensation from mutual fund and insurance companies, including Strategic Partners that is not related to individual transactions or assets held in accounts. This money is paid, in accordance with regulatory rules, to offset up to 100% of the costs of training and education of our Advisors and employees. In some instances, mutual fund and insurance companies pay a flat fee in order to participate in our training and educational meeting. These meetings or events provide our representatives with comprehensive information on products, sales materials, customer support services, industry trends, practice management education, and sales ideas.

It is important to note that due to the number of mutual fund and variable insurance products we offer, not all product sponsors have the opportunity to participate in these training and educational events. In general, our Strategic Partners have greater access to participation in these events and therefore greater access to, and opportunity to build relationships with, our Advisors.

Some of the training and educational meetings for which we or our Advisors receive reimbursement of costs include client attendance. If you attend a training or educational meeting with your Advisor and a product sponsor is present, you should assume that the product sponsor has paid for all or a portion of the costs of the meeting or event.

### *Other Cash and Non-Cash Compensation*

In addition to reimbursement of training and educational meeting costs, we and our Advisors may receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and direct participation sponsors, as permitted by regulatory rules. The sale of mutual funds, variable insurance products and other products, whether of our Strategic Partners or not, may qualify our Advisors for additional business support and for attendance at seminars, conferences and entertainment events. Further, some of our home-office management and certain other employees receive a portion of their employment compensation based on sales of products of Strategic Partners.

### **Exchange Traded Products Partner Program**

Cetera Investment Advisers offers an exchange traded products partner program (ETP Partner Program), which as described below, has similar features to the Firm's Strategic Partner Program. The Firm currently has entered into agreements with the ETP Partners listed below, and intends to add additional ETP Partners on an ongoing basis. For the most current list of our ETP Partners, please refer to our website at [www.cetera.com/cetera-investment-services-strategic-partners](http://www.cetera.com/cetera-investment-services-strategic-partners) or call your Advisor.

Although we offer thousands of exchange traded products (ETPs), we concentrate our marketing and training efforts on those investments offered by ETP Partners. An ETP Partner is selected, in part, based on the competitiveness of its products, its technology, its customer service and its training capabilities. An ETP Partner has greater exposure to our Advisors (e.g., at conferences), and more opportunities to market and educate our Advisors on investments and the products they offer.

An ETP Partner pays extra compensation to us and/or our affiliates in addition to the compensation described in the prospectus. The additional amounts may vary from one ETP Partner to another and from year to year. In general, ETP Partners have several options that include paying us any combination of the following: (1) an annual flat fee regardless of the amount of new sales or assets held in client accounts; (2) up to 0.25% of the ETP's net expense ratio (as set forth in the prospectus or supplement) of your investment's average daily balance during the quarter. So, for example, for each \$10,000 average quarterly daily balance of an ETP Partners' product held by our clients, we would be paid up to \$25 on an annual basis. Further, if the annual flat fee were \$500,000 and the total asset-based fee did not reach that amount we would still be paid \$500,000; and/or (3) a flat seven basis points on assets under management.

These payments help compensate us and our affiliates for maintaining our platform and providing ongoing marketing, administration and education to our employees and representatives. The payments are paid by the ETP Partner and/or their affiliates out of the assets or earnings of the ETP Partner or their affiliates. You do not pay more to purchase an ETP Partner's product through us than you would pay outside of the ETP Partner Program, and your representative does not receive additional compensation for selling an ETP Partner product. For the most current description of the compensation we receive from ETP Partners, please refer to the Firm's website at [www.cetera.com/cetera-investment-services-strategic-partners](http://www.cetera.com/cetera-investment-services-strategic-partners).

## *Conflicts of Interest in Receiving Revenue Sharing from ETP Partners and with Ticket Charge Waivers*

A conflict of interest exists in the recommendation of ETP Partner products since we receive additional revenue if you purchase an ETP Partner product and/or if you purchase a product from one particular sponsor instead of another. Your representative also indirectly benefits from ETP Partner payments when the money is used to support costs relating to product review, marketing or training, or for waiver of ticket charges, as described below. Our Advisors do not receive any compensation associated with the revenue sharing payments.

When you purchase an ETP Partner product (except Putnam), we absorb the nominal "ticket charge" (sometimes referred to as a transaction charge) for each transaction, which would normally be paid by your Advisor. In general, the ticket charge will be waived for the purchase of certain ETPs in an amount of \$2,500 or more. These ticket charge waivers result in a conflict of interest between you and your Advisor in a Prime Account because your Advisor has a financial incentive to recommend an ETP Partner product that does not assess transaction charges over an ETP that does.

In general, if you are not comfortable with the use of ETP Partner products in your account and the resulting conflicts of interest, then you should notify your Advisor of this preference and you should not participate in any advisory program that includes ETP Partner products.

## **Direct Participation Programs and Other Alternative Investments**

We, through our representatives, offer our clients a wide variety of direct participation programs and alternative investment products (Alternative Investments) including: non-listed real estate investment trusts, limited partnerships, 1031 exchange programs, non-traded business development companies, oil and gas programs, closed-end and interval funds, and direct alternatives.

Whether a client is charged a commission upon the sale of an Alternative Investment, be it assessed in full, in part, or not at all, it is based upon whether the investment is held in an advisory or brokerage account, and if it is on Cetera's approved products list. If a client purchases an Alternative Investment from the advisory approved products list, it will be sold in an advisory program without a commission and will be included in the billing and reporting of the account assets.

If the Alternative Investment product is not on the advisory approved products list, the representative has the ability to:

- Purchase the product for the client while charging a commission and holding it directly within a brokerage account; or
- Hold the product in an advisory account solely for convenience purposes, but it will be excluded from the billing and reporting of the account assets, and regular billing will continue on all other eligible assets held in the account.

We also receive from certain Alternative Investment sponsors additional compensation relating to administrative services, due diligence, and/or marketing allowance. The amount of these payments that we receive and/or the type of arrangement that we have varies by sponsor and/or class of shares, as some product sponsors pay a due diligence or marketing allowance fee for certain classes of shares: (i) up to 0.20% annually on assets held at the sponsor, (ii) up to 1.50% on the gross amount of each sale, depending on the product, or (iii) a flat fee regardless of the amount of new sales or assets held in client accounts. Other product sponsors pay a flat administrative services fee for certain classes of shares, based on a minimum amount of trades executed through an advisory platform. These payments are designed to compensate us for ongoing marketing, administrative services, and/or maintenance of advisory platform systems, as well as the training and education of our employees, and Advisors regarding these types of products. You do not make these payments. They are paid by the product sponsor out of the assets or earnings of that product sponsor.

It is important to note that you do not pay more to purchase such products through us than you would pay to purchase those products through another broker-dealer, and your Advisor does not receive additional compensation for selling products from sponsors that pay us such additional compensation.

A conflict of interest exists because we are paid more revenue-sharing fees if you purchase one type of product or class of a product's shares, instead of another and/or you purchase a product or class of a product's shares from one particular sponsor instead of another. Your Advisor also indirectly benefits from these sponsor payments when the money is used to support costs relating to product review, marketing or training.

You should read the applicable prospectus(es) or offering document(s) carefully before investing which may be obtained from your Advisor.



### *Additional Compensation*

These programs may invest in companies, such as our Strategic Partners, that also provide us with revenue. Regardless of this additional compensation, these products do not cost you more by purchasing them from us versus another firm. Our Strategic Partner program and the revenue received are described in more detail further in this section.

All accounts may invest in mutual funds that make a distribution payment referred to as a 12b-1 fee. The clearing/custodial firm has been instructed to credit any 12b-1 fees received to the client's account. As a result, neither Cetera nor the Advisor shall receive 12b-1 fees from mutual funds purchased in the accounts.

In addition to advisory fees, your Advisor may 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. Your Advisor may also receive forgivable loans from Cetera, which are conditioned on your advisor retaining Cetera's broker-dealer and/or registered investment advisor services. This additional economic benefit creates a conflict of interest for your Advisor to retain affiliation with Cetera in order to avoid re-payment on a loan.

The Firm offers its Advisors a financial benefit (an "Enhanced Payout") based on an Advisor's assets under management in the advisory programs that comprise the My Advice Architect Platform (MAA Platform). Your Advisor is eligible to receive an Enhanced Payout on advisory assets in the MAA Platform that exceed certain fixed levels. Whenever compensation changes based on an Advisor's level of assets under management, the Advisor has a financial incentive to meet those asset levels. The Enhanced Payouts provide an incentive for your Advisor to select the Firm for your accounts because compensation the Firm pays to the Advisor may be more than that of another firm. The Enhanced Payouts also provide an incentive for the Advisor to select the MAA Program over other advisory programs at the Firm and to place more assets in the MAA Program.

Cetera Investment Services maintains a Code of Ethics requiring your Advisor to always act in your best interest, and maintains a supervisory structure to monitor the advisory activities of your Advisor in order to reduce potential conflicts of interest.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### **Financial Information**

We do not take prepayment of more than \$1,200 in fees, six months or more in advance or have a financial condition that could impair our ability to meet our contractual obligations. Therefore, we are not required to provide our audited balance sheets.