



## Part 2B Brochure Supplement

### Item 1 Cover Page

A.

**Eric R. Powers CFP®**

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Private Advisor Group, LLC  
Part 2B - Brochure Supplement  
Dated 12/29/2022

Contact: James Hooks, Chief Compliance Officer  
Private Advisor Group, LLC  
65 Madison Avenue, Suite 300  
Morristown, New Jersey 07960  
973-538-7010  
[www.PrivateAdvisorGroup.com](http://www.PrivateAdvisorGroup.com)

B.

**This Brochure Supplement provides information about Eric Powers that supplements the Private Advisor Group, LLC Brochure. You should have received a copy of that Brochure. Please contact James Hooks, Chief Compliance Officer, if you did not receive Private Advisor Group, LLC's Brochure or if you have any questions about the contents of this supplement. Additional information about Eric Powers is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**



## Item 2 Education Background and Business Experience

Eric Powers was born in 1975.

### Education

Northern Arizona University  
Bachelor of Science, 2000, Advertising & Marketing

### Business Experience

Financial Planner , SkyBlue Wealth Advisors  
2022 to present

Investment advisor representative, Private Advisor Group  
2014 to present

Financial Planner , Stone Castle Consulting  
2014 - 2022

Registered representative, LPL Financial  
2012 - 2022

Financial services representative, MetLife  
2008 - 2012

### Designations

#### CFP®

Mr. Powers has held the designation of Certified Financial Planner™ certification since 2015. The Certified Financial Planner™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual currently must satisfactorily fulfill the following requirements:

- I. Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;



- II. Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- III. Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- IV. Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- I. Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
- II. Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### Item 3 Disciplinary Information

None

### Item 4 Other Business Activities

- A. **Accounting or Tax Preparation Services.** Mr. Powers, in his individual capacity, may act as an accountant, and may prepare income tax returns for clients for a fee. No client is under any obligation to engage Mr. Powers to have their income tax returns prepared for a fee. To the extent that Mr. Powers provides accounting services, which may include tax advice, to any clients, including clients of the Registrant, all such services shall be performed by Mr. Powers, in his individual professional capacity, independent of the Registrant, for which services Registrant shall not receive any portion of the fees charged by Mr. Powers, referral or otherwise. Mr. Powers, solely incidental to his practice as an accountant, may recommend the Registrant’s services to certain of his clients. No client of Registrant is under any obligation to use the services of Mr. Powers. The Registrant’s Chief Compliance Officer, James Hooks, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.



## Item 5 Additional Compensation

Mr. Powers may receive compensation from product sponsors. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational or training events or marketing or advertising initiatives. Such compensation may not be tied to the sale of any products.

## Item 6 Supervision

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisers Act ("Act"). The Registrant's Chief Compliance Officer, James Hooks, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee, independent contractor, investment adviser representative, or solicitor of the Registrant have any questions regarding the applicability/relevance of the Act, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Hooks at 973-538-7010.

## Item 7 Additional Addresses

None



Private  
Advisor Group  
Registered Investment Advisor

## Part 2A – Brochure

**Private Advisor Group, LLC**  
SEC File Number 801-72060

**Contact: James Hooks, Chief Compliance Officer**  
65 Madison Avenue, Suite 300 Morristown, New Jersey 07960  
(973) 538-7010  
privateadvisorgroup.com

**Dated: 10/14/2022**

### Item 1 Cover Page

This brochure ("Brochure") provides information about the qualifications and business practices of Private Advisor Group, LLC ("Registrant"). If you have any questions about the contents of this Brochure, please contact us at (973) 538-7010 or Jim.Hooks@PrivateAdvisorGroup.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

When a registered investment adviser provides investment advisory services, it is a fiduciary under the Investment Advisers Act of 1940 ("Advisers Act") and has a duty to pursue its clients' best interest and to make full and fair disclosure to its clients of all material facts and conflicts of interest. The purpose of our disclosure documents is to disclose those material facts and conflicts of interest.



## Item 2 Material Changes

This section describes all material changes to this Brochure since its last annual update filed on April 19, 2022:

- In July 2022, the Registrant entered into a settlement with the Securities and Exchange Commission (“SEC”) with respect to mutual fund share class purchases and disclosures. Please see Item 9 of this Brochure for a detailed summary, including a link to the SEC Order.
- Item 4 of this Brochure was updated to:
  - Enhance disclosures regarding conflicts of interest to consider in connection with the selection of mutual funds and a specific transaction cost commonly known as ticket charge or ticket fee associated with each mutual fund transaction as well as its settlement with the SEC.
  - Reference WealthSuite by Private Advisor Group, a new proprietary wrap fee program operated by Registrant.
  - Direct clients to the Registrant's wrap fee brochure for the various wrap fee programs sponsored by Registrant which provide further details regarding the custodians available through Registrant's wrap fee programs.
  - Clarify the non-wrap fee advisory services available through the Registrant.
- Item 6 of this Brochure was updated to provide additional details regarding Registrant's portfolio manager selection and evaluation processes.
- While not material, the Registrant also made additional updates throughout this Brochure to enhance readability for clients.

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**Item 4 Advisory Business**

Private Advisor Group, LLC ("Registrant") is a limited liability company formed on September 2, 2010 in the State of New Jersey. The Registrant became registered as an investment adviser firm with the U.S. Securities and Exchange Commission ("SEC") in January 2011. The Registrant is principally owned by PAG Holdings, LLC which is owned by PAG Partnership Holdco, LLC. PAG Partnership Holdco, LLC is principally owned by PAG Legacy Partners, LLC, and by Merchant Wealth Partners. PAG Legacy Partners, LLC is principally owned by Patrick J. Sullivan, John Hyland, RJ Moore, James Perhacs, James D. Sullivan and Frank Smith. PAG Holdings, LLC is the Registrant’s Managing Member.

**A. INVESTMENT ADVISORY SERVICES**

The Registrant and its investment adviser representatives ("IARs") offer a variety of discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap fee basis. This Brochure describes the advisory programs and advisory services offered by the Registrant on a non-wrap fee basis.

**1. IAR ADVISORY SERVICES**

When providing investment services, Registrant acts as a fiduciary and has a duty to advise the Client as a prudent person would in accordance with the Client’s investment objectives and risk tolerance, and to pursue the Client’s best interests. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.):

- Investment advisory services, which can be provided on a discretionary or nondiscretionary basis. Discretionary advisory services are available on a wrap and non-wrap-free basis;
- Retirement plan consulting; and
- Financial planning and related consulting services.

The Registrant works to provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an IAR discusses the client's particular investment objectives and risk tolerances. The IAR (under the Registrant's supervision) will assess the information provided by the client to determine which advisory programs or advisory services offered through the Registrant, if any, are appropriate to recommend. The Registrant's advisory programs and services differ in that the Registrant and its IARs participate in varying capacities, whether as portfolio manager, adviser, co-adviser, or solicitor, depending on the program and the needs of or direction provided by its clients. Any custodian or additional adviser involved in providing advice does so in varying capacities as well, including sub-adviser, co-adviser, strategist or other advisory role. In addition, not all programs or services available through the Registrant are available through all of the Registrant's IARs. Clients should discuss with their IAR what type of relationship and advice they seek from the Registrant, the programs and services available through their IAR, what programs are appropriate for their investment objectives and risk tolerances and, if anyone other than the Registrant is providing investment advice, in what capacity.



Clients can at any time impose certain restrictions in writing on the Registrant's services. Each client is advised that it remains his or her responsibility to promptly notify the Registrant if there is ever any change in his or her financial situation or investment objectives, so the Registrant and its IARs can review and revise Registrant's previous recommendations and services. The Registrant and its IARs will maintain channels of communication with clients to be available to discuss clients' investments, investment objectives and risk tolerances. To the extent the Registrant utilizes a third-party manager, the Registrant shall provide the third-party manager with each client's particular investment objective and risk tolerance. Any changes in the client's financial situation or investment objectives reported by the client to the Registrant shall be communicated to the third-party manager within a reasonable period of time.

If the Registrant becomes aware that any activity described in this Brochure is no longer permitted under any relevant law, the Registrant will cease engaging in such activity.

## 2. WRAP FEE ADVISORY PROGRAMS

The Registrant is a wrap fee program sponsor, and participates in wrap fee programs sponsored by other firms. In a wrap fee account, a client is charged a single bundled fee as a percentage of the assets managed in the wrap fee program that can include advisory fees, transaction fees, and other expenses related to the wrap fee program.

The Registrant offers advisory programs and advisory services on a wrap fee basis through: (1) WealthSuite by Private Advisor Group ("WealthSuite"); (2) the Private Advisor Group Wrap Program (the "Program") or (3) through a variety of managed portfolios or other advisory programs available through the Registrant's custodians ("Custodian Programs", also referred to as "Third Party Advisory Programs"). The Registrant also provides access to TAMPs (turnkey or third-party asset management programs) to its clients on wrap fee basis. The Registrant's wrap fee programs are described in detail in the Registrant's WS Brochure and General Wrap Brochure (see below for a description of each). Each client will be provided with a copy of the appropriate brochure before or at the time of the client entering into any such advisory program, which provide detailed information, disclosures, and potential conflicts of interest related to each wrap fee program offered through the Registrant.

- **WealthSuite Wrap Fee Brochure ("WS Brochure")** - WealthSuite is a wrap fee program sponsored by the Registrant, in which the Registrant offers managed portfolios on a discretionary basis. The WealthSuite program is further described in the WS Brochure, a copy of which you may obtain at <https://www.privateadvisorgroup.com/pag-disclosure-documents/> or by contacting your IAR.
- **PAG Wrap Fee Brochure ("General Wrap Brochure")** - Through the Program, the Registrant's IARs advise clients on their account assets on a wrap fee basis. In addition to the Program, the Registrant offers the Custodian Programs and TAMPs on a wrap fee basis. Each of these wrap fee programs are further described in the General Wrap Brochure, a copy of which you may obtain at <https://www.privateadvisorgroup.com/pag-disclosure-documents/> or by contacting your IAR.

The Registrant also offers clients access to wrap fee programs by other firms for which the Registrant is neither a sponsor nor compensated by the sponsor.

- **Managed Account Solutions by SEI ("MAS")** - Through our relationship with SEI Investment Management Corp. ("SIMC"), the Registrant offers MAS, a wrap fee program sponsored by SIMC. The Registrant's advisory fee is separate from the wrap fee charged by SIMC for MAS. Under MAS, the client enters into a tri-party investment management agreement ("Managed Account Agreement"), which explains each party's responsibilities and provides for the management of client assets allocated to MAS in accordance with the terms of the Managed Account Agreement.





Through this agreement, the client appoints the Registrant as their investment adviser to assist the client in selecting an appropriate investment strategy for their portfolio. In MAS, clients pay a bundled wrap fee to SIMC for its advisory services, the trade execution provided by SIMC's affiliate SEI Investments Distribution Co. ("SIDCO"), a registered broker-dealer. The Registrant's fee for its advisory services is separate from the fees charged to the client by SIMC, and SIMC does not establish, review or approve the Registrant's fee (see Item 5 for more details on the Registrant's fee). For additional detail on MAS, clients should review the current SIMC Wrap Fee Program Brochure: Managed Account Solutions – Independent Advisor Solutions by SEI (available at <https://adviserinfo.sec.gov/firm/brochure/105146>), and any agreements or other disclosure documents provided to client in connection with MAS.

### 3. IAR-MANAGED PROGRAM WRAP ACCOUNTS AND NON-WRAP ACCOUNTS

There is no significant difference between how the Registrant's IARs manage wrap fee accounts and IAR-managed non-wrap fee accounts. However, as stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for investment management and transaction fees. The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately.

**Please note:** When managing a client's Program account on a wrap fee basis, the Registrant shall receive, as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted. Inasmuch as the execution costs for transactions effected in the client account will be paid by the Registrant, a potential conflict of interest arises in that the Registrant has a potential disincentive to trade securities in the client account. In addition, the amount of compensation received by the Registrant as a result of the client's participation in the Program may be more than what the Registrant would receive if the client paid separately for investment management and transaction fees.

### 4. FINANCIAL PLANNING AND CONSULTING SERVICES

To the extent requested by a client, the Registrant can provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$150 to \$400 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant recommends the services of other professionals for implementation purposes, including the Registrant's IARs in their individual capacities as registered representatives of LPL Financial and as licensed insurance agents. (See disclosures in Item 10). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant.

- **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.
- **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is



ever any change in his or her or its financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and services.

## **5. DISCRETION ON HELD-AWAY ASSETS**

When requested by the client, the Registrant can provide discretionary investment management and periodic monitoring by leveraging the order management system provided by Pontera (formerly FeeX) with respect to certain accounts (primarily 401(k) participant accounts, health savings accounts and other assets identified by the client) held with custodians other than those referenced in Item 12 ("Held-Away Management Services"). In such instances, the Registrant will regularly review the available investment options in these accounts, monitor them, and rebalance and implement its strategies as necessary in the same manner as if such accounts were held with a custodian referenced in Item 12.

This fee will be assessed and billed quarterly. Specifically, the exact amount charged is determined by the daily average over the course of the quarter. The current exception for this is directly-managed held-away accounts, which are determined by the account value at the end of the quarter. In either case, if the Adviser only manages your assets for part of a quarter, the charge will be prorated. The advisory fee is a blended fee and is calculated by assessing the percentage rates using the predefined levels of assets as shown in the above chart and applying the fee to the daily average of the account value or the account value as of the last day of the previous quarter (per the paragraph above), resulting in a combined weighted fee. For example, an account valued at \$2,000,000 would pay an effective fee of 1% with the annual fee being \$20,000 (a quarterly fee of \$5,000). Investment management fees are generally directly debited on a pro rata basis from client accounts. The exception for this is directly-managed held-away accounts, such as 401(k)'s. As it is impossible to directly debit the fees from these accounts, those fees will be assigned to the client's taxable accounts on a pro-rata basis. If the client does not have a taxable account, those fees will be billed directly to the client. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee based on the amount of time remaining in the billing period. An account may be terminated with written notice at least 15 calendar days in advance. Since fees are paid in arrears, no rebate will be needed upon termination of the account.

## **6. AMERICAN FUNDS 529-F-2 DIRECT-AT-FUND PROGRAM**

The Registrant has entered into an agreement with American Funds Service Company ("AFS") through which it makes available to clients the 529-F-2 Direct-at-Fund program. The program is a non-discretionary, fee-based program that facilitates investments into American Funds' 529-F-2 share class offerings directly held at the American Funds. AFS serves as the transfer agent for the program, and provides quarterly statements with automated fee-debiting. Shares in this class do not have upfront or a contingent deferred sales charges and do not carry a 12b-1 fee but may have slightly higher administrative costs than other share classes. Clients in this program should consult the fund's prospectus to have a better understanding of the costs and expenses of the specific mutual fund, including the expenses of the 529-F-2 share class.

## **7. THIRD PARTY ASSET MANAGEMENT PROGRAMS ("TAMPS")**

The Registrant recommends or selects other investment advisers for its clients generally through Third Party Asset Management Programs ("TAMPS"). LPL Financial makes available advisory services and programs of third party investment advisors. Through these TAMPS, the Registrant's IARs provide ongoing investment advice to clients that is tailored to the individual needs of those clients. As part of these TAMP services, the IAR typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective



and risk tolerance and assists the client in opening an account with the TAMP. In addition, depending on the type of program, the IAR is available to assist the client to select a model portfolio of securities designed by the TAMP or select a portfolio management firm to provide discretionary asset management services. It is the third party investment adviser (and not Registrant's IARs) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to investment objective chosen by the client. This authorization will be set out in the TAMP client agreement. The brochure for the particular TAMP will explain whether clients can impose restrictions on investing in certain securities or types of securities. In particular, the Registrant currently offers advisory services through TAMPs sponsored by, among others: AssetMark, Brinker Capital, BTS Asset Management, Envestnet, Flexible Plan Investments, Orion Portfolio Solutions, Manning & Napier, Morningstar Managed Portfolios, SEI Investments Management and Symmetry Partners LLC.

Clients should refer to the brochure, client agreement and other account paperwork for each TAMP for more detailed information about the services available under the program. In addition, the Registrant offers the same or similar TAMPs on a wrap fee basis, which are described in the General Wrap Brochure, a copy of which you may obtain at <https://www.privateadvisorgroup.com/pag-disclosure-documents/> or by contacting your IAR.

## **8. CO-ADVISORY, REFERRAL AND SOLICITOR SERVICES**

The Registrant and its IARs act as referral agents or solicitors on behalf of certain third party investment advisers pursuant to a referral or solicitor agreement. Currently, the Registrant's IAR provides the referred client a disclosure statement regarding the role of the Registrant and its IAR as a referral agent or solicitor, and the client engages the third party investment adviser for advisory services. Please see Item 14 below for more information about these referral services and the related compensation.

## **9. RETIREMENT PLAN CONSULTING SERVICES**

The Registrant's IARs, at times, assist clients that are trustees of retirement plans or other fiduciaries to retirement plans ("Plans") by providing fee-based consulting and/or advisory services. IARs perform one or more of the following services, as selected by the client in the client agreement:

- Assistance in the preparation or review of an investment policy statement ("IPS") for the Plan based upon consultation with client to ascertain Plan's investment objectives and constraints.
- Acting as a liaison between the Plan and service providers, product sponsors or vendors.
- Ongoing monitoring of investment managers or investments in relation to the criteria specified in the Plan's IPS or other written guidelines provided by the client to the IAR.
- Preparation of reports describing the performance of Plan investment manager(s) or investments, as well as comparing the performance to benchmarks.
- Ongoing recommendations, for consideration and selection by client, about specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan, to be made available as investment options under the Plan.
- Training for the members of the Plan Committee with regard to their service on the Committee, including education and consulting with respect to fiduciary responsibilities.
- Assistance in enrolling Plan participants in the Plan, including conducting an agreed upon number of enrollment meetings. As part of such meetings, IARs generally provide participants with information about the Plan, which includes information on the benefits of Plan participation, the benefits of



increasing Plan contributions, the impact of pre-retirement withdrawals on retirement income, the terms of the Plan and the operation of the Plan.

- Assistance with investment education seminars and meetings for Plan participants. These meetings occur on a group or individual basis, and include information about the investment options under the Plan (e.g., investment objectives, risk/return characteristics, and historical performance), investment concepts (e.g., diversification, asset classes, and risk and return), and how to determine investment time horizons and assess risk tolerance. Such meetings do not include specific investment advice about investment options under the Plan as being appropriate for a particular participant.
- Assistance at client's direction in making changes to investment options under the Plan.
- As part of the ongoing investment recommendation service set out above, assistance in identifying investment options in connection with the "broad range" requirement of Section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA").
- As part of the ongoing investment recommendation service set out above, assistance in identifying an investment fund product or model portfolio in connection with the definition of a "Qualified Default Investment Alternative" ("QDIA") under ERISA.
- Assistance with the preparation, distribution and evaluation of Request for Proposals, finalist interviews, and conversion support in connection with vendor analysis and service provider support.
- Preparation of comparisons of Plan data (e.g., regarding fees and services and participant enrollment and contributions) to data from the Plan's prior years and/or a benchmark group of similar plans.
- Assistance in identifying the fees and other costs borne by the Plan for, as specified by client, investment management, recordkeeping, participant education, participant communication and/or other services provided with respect to the Plan.
- When engaged by the Plan or the participant to do so, IARs meet at times with Plan participants, upon reasonable request, to collect information necessary to identify Plan participants' investment objectives, risk tolerance, time horizon, etc. Advisor will provide recommendations to assist the participant with his/her Plan account. Plan participants retain sole discretion over the investment decisions in their accounts and sole responsibility for implementing investment decisions in their accounts.

If the Plan makes available publicly traded employer stock ("company stock") as an investment option under the Plan, IARs do not provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. In addition, if participants in the Plan have the option to invest the assets in their accounts through individual brokerage accounts, a mutual fund window, or other similar arrangement, or can obtain participant loans, IARs do not usually provide any individualized advice or recommendations to the participants regarding these decisions. Furthermore, unless engaged by the Plan or the participant to do so, IARs do not provide individualized investment advice to Plan participants regarding their Plan assets.

If a client elects to engage the Registrant and its IARs to perform ongoing investment monitoring and ongoing investment recommendation services in the client agreement, such services will constitute "investment advice" under Section 3(21)(A) of ERISA. Therefore, Registrant and its IARs will be deemed a "fiduciary" as such term is defined under Section 3(21)(ii) of ERISA in connection with those services. Clients should understand that to the extent Registrant and its IARs are engaged to perform services other than ongoing investment monitoring and recommendations, those services are not "investment advice"



under ERISA and therefore, Registrant and its IARs will not be a “fiduciary” under ERISA with respect to those other services.

If a client elects to engage the Registrant and its IARs to perform discretionary investment management services in the client agreement, such services will be performed as an “investment manager” under Section 3(38) of ERISA. Therefore, Registrant and its IARs will be deemed a “fiduciary” as such term is defined under Section 3(38) of ERISA in connection with those services. Clients should understand that to the extent Registrant and its IARs are engaged to perform services other than ongoing investment management, the Registrant is not acting as an “investment manager” under ERISA and therefore, Registrant and its IARs will not be a “fiduciary” under ERISA with respect to those other services.

## 10. ADDITIONAL INFORMATION

### a. Non-Investment Consulting/ Implementation Services.

If requested by the client, the Registrant can provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc.

The Registrant does not serve as an accountant and no portion of the Registrant’s services should be construed as same. Certain of Registrant’s IARs are accountants, in their individual capacities, separate and apart from the Registrant, and any services or advice rendered in that capacity is not provided by or through the Registrant.

The Registrant does not serve as an attorney and no portion of the Registrant’s services should be construed as same. Certain of Registrant’s IARs are attorneys, in their individual capacities, separate and apart from the Registrant, and any services or advice rendered in that capacity is not provided by or through the Registrant.

The Registrant does not sell insurance and no portion of the Registrant’s services should be construed as same. Certain of Registrant’s IARs are licensed to sell insurance, in their individual capacities, separate and apart from the Registrant, and any such sale of insurance in that capacity is not provided by or through the Registrant. To the extent requested by a client, the Registrant can recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including IARs of the Registrant in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant.

**Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Please Also Note:** It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in his or her or its financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant’s previous recommendations and services.

### b. Inverse/Enhanced Market Strategies.

The Registrant utilizes leveraged long and short mutual funds and/ or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/ or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/ or



for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client can direct the Registrant, in writing, not to employ any or all such strategies for his/ her/their/ its accounts.

**c. Fee Differentials.**

As indicated above, the Registrant prices its services based upon various objective and subjective factors. As a result, Registrant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by the Registrant to any particular client could be available from other investment advisers at lower fees. All clients and prospective clients should be guided accordingly.

**d. Advisory Program Cost Differentials.**

The Registrant participates in several advisory programs with third-parties (e.g., LPL Financial and other custodians), including the Custodian Programs, which charge varying levels of program fees. When a client invests through such advisory programs, an investment advisory fee is deducted from the assets placed in that advisory program. The advisory program retains a portion of the program fee, and a portion of the program fee is paid to the Registrant and its IAR. The varying levels of program fees provide an incentive or disincentive for the Registrant and its IARs to participate in or to recommend a particular advisory program. The recommendation by a IAR that a client select a particular advisory program presents a conflict of interest, as the IAR's compensation provides an incentive to recommend a particular advisory program. All clients and prospective clients should be aware of these factors in selecting an advisory program and in negotiating an investment advisory fee. The Registrant's Custodian Programs are further described in the General Wrap Brochure, a copy of which you may obtain at <https://www.privateadvisorgroup.com/pag-disclosure-documents/> or by contacting your IAR.

**e. Calculation of Advisory Fees Includes Cash Assets.**

The Registrant calculates advisory fees on all assets placed under its management, including cash held in advisory accounts. Clients can consent to asset allocations that include certain amounts being held as cash for short or long-term reasons, or can direct that assets be held in cash based on personal risk tolerance or market conditions. The Registrant will calculate advisory fees based on total assets in advisory accounts, and all clients and prospective clients should be guided accordingly. Holding large cash balances for more than six months is not an effective investment strategy and the Registrant discourages clients from using investment accounts in this manner.

**f. Non-Discretionary Service Limitations.**

Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot effect any account transactions without obtaining prior verbal consent from the client for each transaction. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

**g. Trade Error Policy.**

Registrant reimburses accounts for losses resulting from the Registrant's trade errors, but does not credit accounts for such errors resulting in market gains. When applicable, the gains and losses are reconciled within the Registrant's custodian firm account and the Registrant or the custodian retains the net gains and losses.





#### **h. Client Obligations.**

In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his or her or its financial situation or investment objectives for the purpose of reviewing, /evaluating /or revising Registrant's previous recommendations and services.

#### **i. Disclosure Statement.**

A copy of the Registrant's written disclosure statement as set forth in its Part 2A Brochure or Wrap Program Brochure and Part 2B Brochure Supplements for appropriate IARs and its Privacy Notice shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement or Financial Planning and Consulting Agreement.

#### **j. Brokerage Commissions and/or Transaction Fee Differentials.**

In most instances, custodians charge a brokerage commission or transactional fee or an asset-based fee, and based on the investment product selected, that commission or transactional fee or asset-based fee is not identical to other commissions or fees. Other products have higher or lower or zero commissions when compared at the commission or fee level. Most custodians offer mutual funds with transactions fees and mutual funds without transaction fees. Some custodians offer commission-free ETFs. Clients can inquire as to whether a transaction incurred a transaction cost.

#### **k. Securities-based Loans and Margin Loans.**

Clients can have the opportunity to utilize margin loans in their investment accounts and be offered the opportunity to obtain loans or lines of credit based on or secured by the assets held in their investment accounts. When the Registrant charges a fee based directly or indirectly on the amount of assets under management in an investment account, the Registrant and its IARs have an incentive to maintain a high level of assets in those accounts, and the Registrant and its IARs have a conflict of interest when they advise a client to utilize a margin loan or a securities based loan or assist the client to obtain such a loan for some specific purpose, rather than advising the client to or assisting the client with withdrawing funds from such an investment account for that specific purpose.

#### **l. Non-tradable Assets in Advisory Accounts.**

In order to address a client's specific situation, the Registrant can recommend non-tradable assets be purchased in an advisory account. Non-tradable assets such as annuities or structured products are appropriate for certain client needs. The client would not be charged commissions for such investment products, but these products would be subject to the advisory fees calculated based on assets in the accounts. The amount of such assets in a particular account would be limited to a proportion that would not impair the ability of the Registrant to allocate the assets in the account.

### **11. 401(K) PLAN PARTICIPANTS CONSIDERING AN IRA ROLLOVER**

A participant in a qualified employer sponsored retirement plan ("Employer Retirement Plan") can roll those assets over into an Individual Retirement Account ("IRA"). Plan participants are encouraged to consider the advantages and disadvantages of an IRA rollover from their existing Employer Retirement Plan. A plan participant leaving an employer typically has four non-exclusive options:

- Leave the money in the former Employer Retirement Plan, if permitted;
- Transfer the assets to the new employer's plan, if one is available and if rollovers are permitted;



- Rollover the assets to an IRA;
- Cash out (or distribute) the assets and pay the taxes due.

Investors usually face increased fees when they transfer retirement savings from their current Employer Retirement Plan to an IRA. Investors should be aware that even if there are no costs associated with the IRA rollover itself, there will be costs associated with account administration and investment management. In addition to the fees charged by the Registrant or another advisor, the underlying investment products (mutual fund, ETF, annuity, or other investment) typically also charge management fees. Custodial fees also apply. Investing through an IRA managed by the Registrant is more expensive than the current Employer Retirement Plan.

Prior to electing to rollover assets from the current Employer Retirement Plan to an IRA, an investor should consider:

- The type of account investment management desired. For example, is assistance in the management of investments desired on a discretionary or non-discretionary basis; or is a self- managed account preferred.
- Available investment choices.
- The professional assistance available to participants in the current Employer Retirement Plan when compared to the
- advisory services offered by the Registrant in an advised IRA account.
- The cost of advisory fees.
- Management expenses associated with the underlying investments in an IRA advisory account in comparison to the underlying investment expenses associated with the current Employer
- Retirement Plan. Often, the management expenses in the current Employer Retirement Plan are less expensive than in a rollover IRA advisory account.
- Custodial charges in the advised IRA account in comparison to the current Employer Retirement Plan.
- Transaction charges associated with the advised IRA in comparison to the current Employer Retirement Plan.
- The rules pertaining to the required minimum distributions (“RMD”) in the current Employer Retirement Plan when compared to the advised IRA.
- Legal protections afforded to current Employer Retirement Plan participants in comparison to rollover IRA account owners. Employer Retirement Plans have significant liability protection.
- The rules pertaining to beneficiaries of an IRA in comparison to the current Employer Retirement Plan (inherited accounts).
- The loan provision associated with the current Employer Retirement Plan, if any. IRA accounts do not have loan provisions.
- Employer Retirement Plans available from a new employer.
- Clients and prospective clients are encouraged to consult with an accountant, a tax advisor, the plan administrator and/or legal counsel prior to rolling over assets from the current Employer Retirement Plan to an advised IRA with the Registrant.





## **B. ASSETS UNDER MANAGEMENT**

As of December 31, 2021, the Registrant had \$33,940,632,492 in assets under management with \$26,340,749,056 managed on a discretionary basis and \$33,909,194,912 managed on a non-discretionary basis.

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

#### **A. GENERAL DISCUSSION OF FEES**

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap fee basis.

The Registrant generally charges a fee based on a percentage of the assets to be managed, which is typically negotiated between the client and the IAR within a range set by the Registrant. Agreeing to a fee based on a percentage of the assets to be managed creates a disincentive for the Registrant or its IARs to perform additional work for a client because that work will not increase the compensation to be paid. The Registrant can agree to charge a fixed or flat fee for its services, charging a specific dollar amount for a specific time period. Agreeing to a fixed fee creates a conflict of interest where the Registrant or its IARs have no incentive to perform additional work for the client since the Registrant and its IARs will earn no additional compensation for that work. The Registrant can also agree to charge an hourly fee for all time spent working on the client's behalf. Agreeing to an hourly fee can create a conflict of interest where the Registrant or its IARs have an incentive to perform additional work for the client because it will earn additional compensation for any additional work. The Registrant supervises its IARs and these types of fee arrangements to mitigate these types of conflicts of interest.

#### **B. INVESTMENT ADVISORY SERVICE FEES**

If a client determines to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a non-wrap fee basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management to be charged quarterly in advance, and Registrant's IARs have discretion to negotiate a fee with a maximum of 2.00% (two percent). Registrant's annual investment advisory fee shall include investment management.

The client can negotiate the annual advisory fee based upon various objective and subjective factors including, but not limited to, the types of assets being managed, the amount of the assets placed under the Registrant's direct management, the amount of the assets placed under the Registrant's advisement (assets that are generally managed directly by the client or by other investment professionals engaged by the client, for which the Registrant provides review/monitoring services, but does not have trading authority), the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered, and additional assets having been placed with the advisor for management and the likelihood of additional assets being placed with the advisor for management as a result of the advisor having a relationship with an association, organization, group or company.

Client accounts will be billed by the custodian directly for brokerage commissions and/or transaction fees charged by the custodian. The Registrant has the option to mutually agree with a client to charge that client a flat fee, not based on a percentage of value and assets under the Registrant's management but rather a specific dollar amount for a particular set of services for a specific period of time or for the duration of the relationship. As part of this alternative fee, the Registrant at times also agrees to charge a client an hourly fee for a particular set of services.



Fees for the Registrant's wrap fee programs are discussed in the WS Brochure and General Wrap Brochure, available at <https://www.privateadvisorgroup.com/pag-disclosure-documents/> or by contacting your IAR.

### **C. FINANCIAL PLANNING AND CONSULTING SERVICES FEES**

To the extent requested by a client, the Registrant provides financial planning or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable on a fixed fee basis or on an hourly rate basis, depending upon the level and scope of the services required and the professionals rendering the services.

The financial planning or consulting services and the charge for those services will be set forth in a separate written agreement with the client. Fees for these services should be paid to the Registrant as stated in the Registrant's standard agreement.

### **D. TICKET CHARGES/TICKET FEES**

There are conflicts of interest to consider in connection with the selection of mutual funds and a specific transaction cost commonly known as ticket charge or ticket fee associated with each mutual fund transaction. Clients do not pay any ticket charges in their Program accounts or TAMP wrap fee program accounts, but IARs pay these ticket charges to the custodian where the trades occur for each client account.

As background, custodians often make available mutual funds that offer various classes of shares. Some share classes of a fund charge higher internal expenses, whereas other share classes of a fund charge lower internal expenses. Institutional and advisory share classes (collectively, "institutional shares" or "institutional share classes") typically have lower expense ratios and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. In some instances, a mutual fund offers only Class A Shares, but another similar mutual fund may be available that offers institutional shares.

Whether a mutual fund or a specific share class of a mutual fund incurs a ticket charge often depends on whether the mutual fund or the mutual fund share class has 12b-1 fees (fees paid by the mutual fund to distributors of the funds to cover the cost of distribution and/or shareholder services). For instance where a mutual fund or mutual fund share class has 12b-1 fees can correlate with no ticket charge. Additional fees that could have an impact on whether a mutual fund or mutual share class have a ticket charge or not also include recordkeeping fees to the custodian. Mutual funds and mutual fund share classes with no ticket fees (which can be described as NTF shares) usually have higher fees and expense ratios, and the associated costs would be incurred by the client. Mutual funds and mutual fund shares with ticket fees (which can be described as TF shares) usually have lower fees and expenses, which would lessen the associated fees and expense costs on the client.

As noted above, IARs, not the Registrant, pay these ticket charges with respect to client Program accounts and TAMP wrap fee program accounts. However, in the unlikely event of an IAR failing to make payment to the Custodian, the Registrant can be contractually responsible for the unpaid ticket charges. Clients should understand that the cost to IARs of transaction charges can be a factor that influences IARs when deciding which securities to select and how frequently to place transactions in these accounts. Client should understand that another investment adviser may offer the same mutual fund at a lower overall cost to the investor than is available through the custodian platforms with which the Registrant has relationships.

The Registrant has a policy that IARs recommend the lower cost share class reasonably available at the



time through the custodian where a client account is located. Furthermore, the Registrant conducts surveillance to test this policy and maintains a process to reasonably conduct conversions to the lower cost share class, where applicable and possible depending on availability with an individual custodian.

We strongly encourage you to discuss with your IAR whether lower cost share classes are available with a particular custodian or a particular managed account program; why the particular funds or other investments that will be purchased or held in your account are appropriate for you in consideration of their expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, trading frequency, the amount of the advisory fee charged; whether you will pay higher internal fund expenses in lieu of transaction charges that could adversely affect long-term performance; and relevant tax considerations.

### **E. THIRD PARTY ASSET MANAGEMENT PROGRAMS**

For Third Party Asset Management Programs (“TAMPs”), clients pay an advisory fee as set out in the client agreement with the TAMP sponsor. The fee is typically negotiated among the TAMP sponsor, the IAR and the client. The TAMP sponsor establishes a fee schedule or sets a minimum or maximum fee. The TAMP fee schedule will be set out in the Disclosure Brochure provided by the TAMP sponsor. The advisory fee typically is based on the value of assets under management as valued by the custodian of the assets for the account and will vary by program. The advisory fee typically will be deducted from the account by the custodian and paid quarterly in arrears or in advance. The advisory fee is often paid to the TAMP sponsor, who in turn pays a portion to the Registrant. Generally, the Registrant shares between 90% and 100% of the Registrant’s portion of the fee with the IAR based on the agreement between the Registrant and the IAR. A TAMP account can be terminated by a party pursuant to the terms outlined in the TAMP client agreement. The TAMP client agreement will explain how clients can obtain a refund of any pre-paid fee if the agreement is terminated before the end of a billing period.

There are other fees and charges imposed by third parties that usually apply to investments in TAMP accounts. These types of fees and charges are described below. Absent other arrangements, the client is charged commissions, markups, markdowns, or transaction charges by the custodian who executes transactions in the TAMP account. There are usually custodian related fees imposed by the custodian of assets for the program account. These additional fees and charges will be set out in the TAMP Brochure and the agreements executed by the client at the time the account is opened.

If assets are invested in mutual funds, ETFs or other pooled funds, there are two layers of advisory fees and expenses for those assets. The client will pay an advisory fee to the mutual fund manager and other expenses as a shareholder of the mutual fund. The client will also pay the TAMP advisory fee with respect to those assets. The mutual funds and ETFs available in the programs are available for direct purchase. Therefore, clients could avoid the second layer of fees by not using the advisory services of the TAMP and IAR and by making their own decisions regarding the investment. While a mutual fund in a TAMP program account at times pays an asset based sales charge or service fee (e.g., 12b-1 fee) to the custodian on the account the Registrant and its IARs are not paid any portion of these fees.

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



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

If the TAMP program is a wrap fee program, clients should understand that the wrap fee can cost the client more than purchasing the program services separately, for example, paying fees for the advisory services of the TAMP and IAR, plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the:

- type and size of the account
- types of securities in the account
- historical and or expected size or number of trades for the account, and
- number and range of supplementary advisory and client-related services provided to the client.

The investment products and services available to be purchased in TAMP program accounts can be purchased by clients outside of a TAMP program account, through the Registrant or through broker-dealers or other investment firms not affiliated the Registrant or the TAMP.

#### **F. DISCRETION ON HELD-AWAY ASSETS FEES**

The fee for Held Away Management services will be assessed and billed quarterly. Specifically, the exact amount charged is determined by the daily average over the course of the quarter. The current exception for this is directly-managed held-away accounts (such as 401(k) plan participant accounts), which are determined by the account value at the end of the quarter. In either case, if the Registrant only manages the client's assets for part of a quarter, the charge will be prorated. The advisory fee is a blended fee and is calculated by assessing the percentage rates using the predefined levels of assets as set forth in the Client's Investment Advisory Agreement or Financial Planning and Consulting Agreement (as applicable) and applying the fee to the daily average of the account value or the account value as of the last day of the previous quarter (per the paragraph above), resulting in a combined weighted fee. For example, an account valued at \$2,000,000 would pay an effective fee of 1% with the annual fee being \$20,000 (a quarterly fee of \$5,000). Investment management fees are generally directly debited on a pro rata basis from client accounts. The exception for this is directly-managed held-away accounts, such as 401(k)'s. As it is impossible to directly debit the fees from these accounts, those fees will be assigned to the client's taxable accounts on a pro-rata basis. If the client does not have a taxable account, those fees will be billed directly to the client. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee based on the amount of time remaining in the billing period. An account may be terminated with written notice at least 15 calendar days in advance. Since fees are paid in arrears, no rebate will be needed upon termination of the account.

#### **G. RETIREMENT PLAN CONSULTING FEES**

Retirement Plan Consulting Fees are usually based on a percentage of the assets held in the Plan (up to 1.00% annually), on an hourly basis (up to \$400 per hour), or on a flat rate basis, as negotiated between the Plan and the IAR. Fees will be payable to Registrant in advance or in arrears on the frequency (e.g., quarterly, monthly, etc.) agreed upon among the client, the Registrant, and the IAR. If asset based fees are negotiated, payment generally will be based on the value of the Plan assets as of the close of business on the



last business day of the period as valued by the custodian of the assets. However, if the fee is paid by the Plan or the client through a third party service provider, such fee will be calculated as determined by the provider. If the fee is paid prior to the services being provided, the Plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement.

Clients can also incur fees and charges imposed by third parties other than the Registrant and its IARs in connection with investments recommended by the Registrant. These third party fees can include fund or annuity subaccount management fees, 12b-1 fees and administrative servicing fees, plan recordkeeping and other service provider fees. Further information regarding charges and fees assessed by a fund or annuity are available in the appropriate prospectus, and should be considered by the Plan before making the investment. Certain of the Registrant's IARs are also registered representatives of LPL Financial ("Dually Registered Persons"). In the event that the Dually Registered Person collects a 12b-1 fee, it is not in his or her capacity as an IAR of the Registrant, but rather in his or her capacity as a registered representative of LPL Financial.

If a client engages the Registrant to provide ongoing investment recommendations to the Plan regarding the investment options (e.g., mutual funds, collective investment funds) to be made available to Plan participants, clients and Plan participants should understand that there generally will be two layers of fees with respect to such assets.

The Plan will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. The client also will pay the Registrant a fee for the investment recommendation services. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of the Registrant and by making their own decisions regarding the investment.

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

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

Clients should consider the level and complexity of the consulting and/or advisory services to be provided when negotiating the fee with IAR.

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

#### **H. DEDUCTING ADVISORY FEES FROM ACCOUNTS HELD WITH CUSTODIAN**

Clients can elect to have the Registrant's advisory fees deducted from their account(s) held with the relevant custodian. Both Registrant's Investment Advisory Agreement and the custodian/clearing agreement authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory



procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

## **I. DUALY REGISTERED PERSONS AND CUSTODY OF ACCOUNTS**

Certain of the Registrant's IARs are Dually Registered Persons. The ultimate decision to custody assets with a particular custodian is made by the Registrant's clients (including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder). Registrant's IARs have significant impact on the decision of which custodian is used. A IAR uses at least one custodian, and certain IARs use multiple custodians.

When a IAR who is a Dually Registered Person wishes to use a custodian other than LPL Financial, it requires approval by LPL Financial. It is possible that a client may wish their assets to be held by a custodian that the IAR does not have access to, though the Registrant does. In that event, the client could choose to switch IARs in order to access the particular custodian through the Registrant. If approved, the client may be serviced the client's Dually Registered Person would incur an oversight fee due to LPL Financial where the Dually Registered Person is placing trades for the account. The oversight fee is equal to 5 basis points (0.05%) of the assets under management in the account. Clients who engage the Registrant on a non-wrap basis will incur, in addition to Registrant's investment management fee, brokerage commissions and/ or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). Clients should be aware that the requirement of approval and the charging of the oversight fee may create a disincentive for Dually Registered Persons to recommend custodians other than LPL Financial or to assist clients in opening accounts with a custodian other than LPL Financial.

In a Dually Registered Person's capacity as a registered representative of LPL Financial, the Dually Registered Person may earn commissions for the sale of securities or investment products that such person recommends for brokerage clients. Dually Registered Persons do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts through the Registrant.

Clients have the option of purchasing many of the securities and investment products that the Registrant makes available through another broker-dealer, another custodian, registered investment adviser or another financial institution. However, if clients purchase these securities and investment products away from the Registrant, clients will not receive the benefit of ongoing advice and other services that the Registrant provides. To determine whether an IAR is a Dually Registered Person, clients should review his or her Part 2B Brochure Supplement, and if a client has not received a copy of that document, the client should contact the Registrant using the information on the cover page.

**Please Note:** LPL Financial is affiliated with Private Trust Company, N.A., ("PTC") a trust company licensed in all 50 states under a national bank charter. Under the Internal Revenue Code, which authorizes the tax-advantaged status of Individual Retirement Accounts ("IRAs"), IRAs must be a trust, or a custodial account held by a bank that is treated as a trust. When a client elects to utilize LPL Financial as his or her custodian, LPL Financial will direct client's IRA assets to be held at PTC to qualify as an IRA. As such, clients may incur an annual IRA maintenance fee charged by PTC. Any annual IRA maintenance fees incurred by the client are in addition to the Registrant's investment management fee. PTC may set a level of assets for IRAs above which it will waive its Annual Maintenance Fee, and PTC may choose to waive its fee for certain centrally managed programs. Custodians other than LPL Financial/ PTC may or may not charge an annual fee for maintaining a retirement account, and any such fee may be more or less than the fee charged by PTC. PTC may waive its annual maintenance fee for accounts in certain centrally managed programs offered by LPL





Financial. Custodians other than LPL Financial/ PTC may or may not waive their fees based on a level of assets maintained in the account, and the asset level or other conditions for a fee waiver may be higher or lower than the asset level set by PTC for fee waiver.

#### **J. CALCULATION OF ADVISORY FEES**

Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services. However, Registrant, in its sole discretion, can reduce its annual minimum fee and/or charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). The Registrant can participate in programs sponsored by other entities that require a minimum asset level or that charge a minimum fee, and clients should be aware that the imposition of minimum fees by another entity can result in a higher fee being charged than is described in this brochure, particularly where partial withdrawals by the client reduce asset levels.

The Investment Advisory Agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Following receipt of notice of termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

#### **K. COMMISSION TRANSACTIONS**

In the event that the client desires, the client can engage certain of the Registrant's IARs, in their individual capacities as registered representatives of LPL Financial, an SEC-registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through LPL Financial, LPL Financial will charge brokerage commissions to effect securities transactions, a portion of which commissions LPL Financial shall pay to the LPL registered representatives who effectuated the purchase. Any payment of commissions to Dually Registered Persons would be through their role as registered representatives of LPL Financial, and the Registrant would receive no part of those commissions.

The brokerage commissions charged by LPL Financial can be higher or lower than those charged by other broker-dealers. In addition, LPL Financial, relative to mutual fund purchases with commissions, also receives, at times, additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment in a brokerage relationship, and the Registrant's IARs who are Dually Registered Persons may receive a portion of those additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company in their roles as registered representatives of LPL Financial. In the event that the Dually Registered Person collects a 12b-1 fee, it is not in his or her capacity as an IAR of the Registrant, but rather in his or her capacity as a registered representative of LPL Financial.

- **Conflict of Interest:** The recommendation that a client purchase a commission product from LPL Financial presents a conflict of interest to a Dually Registered Person, as the receipt of commissions provides an incentive to recommend investment products based on commissions received in his or her role as a registered representative of LPL Financial, rather than on a particular client's need. No client is under any obligation to purchase any commission products from LPL Financial. The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client has regarding the above conflict of interest.



- **Please note:** Clients can purchase investment products recommended by Registrant through other, non-affiliated broker-dealers or agents.

When Registrant's IARs sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's IARs do not also receive commission compensation for such advisory services. However, a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's IARs on a separate commission basis.

In addition to the fees charged by the Registrant, clients can incur brokerage, custodian or mutual fund fees and expenses. Some investments have additional fees embedded within the product. Please discuss your individual account with your IAR. For additional information, please see Item 12-Brokerage Practices. In addition to advisory fees, IARs who are Dually Registered Persons and/or licensed as insurance agents or brokers receive additional compensation. These individuals implement investment recommendations for advisory clients and receive separate yet customary compensation including, commissions, 12b-1 fees or other transaction related compensation. These additional fees and expenses will increase the overall investment cost to the client. In the event that the Dually Registered Person collects a brokerage commission, an insurance commission or 12b-1 fee, it is not in his capacity as an IAR of the Registrant, but rather in his capacity as a registered representative of LPL Financial or licensed insurance agent.

Receipt of these commissions presents a conflict of interest and gives the Registrant and the Dually Registered Person an incentive to recommend an investment product based on the compensation received. The Registrant addresses this conflict by disclosing to clients brokerage and other expenses. Clients will receive notification of brokerage commissions charged by the broker-dealer through which the transactions are effected.

The Registrant endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Registrant in and of itself creates a conflict of interest and indirectly influences the Registrant's choices for investments, custody and brokerage services. Furthermore, clients should be aware that the receipt of economic benefits by Dually Registered Persons in and of itself creates a conflict of interest and may indirectly influence the Registrant's choices for investments, custody and brokerage services.

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

The Registrant does not charge performance-based fees.

The Registrant manages more than one client account, often with different mandates or fee structures (side-by-side management). This is a conflict of interest, as it creates a financial incentive for providing preferential treatment to one account over others in terms of allocation of management time, resources, investment opportunities, and trade execution. The Registrant mitigates this conflict of interest by adopting and implementing a Code of Ethics, by disclosing this conflict to clients, and by endeavoring to act in each client's best interest as a fiduciary. Additionally, IARs utilize similar research and resources for their client accounts and aggregate client trades whenever possible.

### Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, estates and charitable organizations. The Registrant does not generally require an annual minimum fee or minimum asset level for investment advisory services. Certain investment programs or investment products require annual





minimum fees or minimum asset levels for participation. Clients should thoroughly review disclosure materials or brochures and consult with their IAR about implications of such minimum requirements before investing in such programs or products.

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

### A. METHODS OF ANALYSIS

The Registrant utilizes the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical - (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)
- Asset Allocation - (identifying an appropriate ratio of asset classes that are consistent with the client's investment goals and risk tolerance)

### B. INVESTMENT STRATEGIES

The Registrant utilizes the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

### C. RISKS

Investing in securities involves investment risks, including loss of principal. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values.

There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example longer term investment strategies require a longer investment time period to



allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading is an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, and involves a very short investment time period. A trading strategy will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

Currently, the Registrant allocates client investment assets primarily among various individual equity and fixed income securities, mutual funds and/or exchange traded funds (“ETFs”) (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary and non-discretionary basis in accordance with the client’s designated investment objectives and risk tolerances.

As disclosed above, the Registrant may utilize leveraged long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his or her or its accounts. (See Item 4)

While not an all-inclusive list, the following are types of investment risks that could affect the value of your portfolio, depending on the selected investment product(s) and the portfolio of investments:

- **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.
- **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.
- **Liquidity Risk.** This is the risk that an investor would not be able to sell or redeem an investment quickly, or would not be able to sell or redeem an investment quickly without significantly affecting the price. Liquidity risk is heightened when markets are distressed. Generally, alternative investments have higher liquidity risk than equities, fixed income securities or mutual funds or ETFs.
- **Issuer-Specific Risk.** This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- **Investment Company Risk.** To the extent a client account invests in ETFs or other investment companies, its performance will be affected by the performance of those other investment companies. Investments in ETFs and other investment companies are subject to the risks of the



investment companies' investments, as well as to the investment companies' expenses. If a client account invests in other investment companies, the client account may receive distributions of taxable gains from portfolio transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.

- *Concentration Risk.* To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.
- *Sector Risk.* To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.

## Item 9 Disciplinary Information

Below is a summary of Registrant's material legal and disciplinary events during the last ten years. As of the date of this Brochure, there are no such reportable events for Registrant's senior management personnel or those individuals in senior management responsible for determining the general investment advice provided to Registrant's clients.

### Securities and Exchange Commission

On July 21, 2022, pursuant to a settlement, in which the Registrant neither admitted or denied to the findings, the SEC issued an administrative order ("the Order") that found, among other things, the Registrant failed to provide full and fair disclosure regarding the conflicts associated with share classes with no transaction fees, or NTF shares, in wrap accounts. The Order found that the Registrant did not fulfill its duty of care and other obligations in connection with the conflict. The Order also found that the Registrant had not adopted and implemented written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder in connection with its mutual fund selection practices in its wrap program and the related disclosures of its associated conflicts of interest. The Order includes findings that Registrant violated Section 206(2) of the Advisers Act, as well as Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. These are not scienter-based violations. As part of the settlement, the Registrant agreed to pay a civil penalty of \$5.8 million, to be disbursed to affected investors, along with other undertakings.

As further highlighted in the Order, in 2017 the Registrant proactively instituted a policy as a remedial measure that mitigated the conflict. The full text of the order is available here:

<https://www.sec.gov/litigation/admin/2022/ia-6069.pdf>.

### State of Pennsylvania

The Registrant paid a \$20,000 administrative penalty in 2017 to the Pennsylvania Department of Banking and Securities for employing an IAR in the state who was not registered with the state.



## Item 10 Other Financial Industry Activities and Affiliations

PAG Financial, LLC is a FINRA registered broker-dealer, and is under common control with the Registrant. PAG Holdings, LLC owns 100% of PAG Financial, LLC. PAG Financial, LLC does not have any retail or institutional customers, and does not serve as custodian for any investment assets.

Private Advisor Network, LLC is an SEC-registered investment adviser, and is under common control with the Registrant. PAG Holdings, LLC owns 100% of Private Advisor Network, LLC. Private Advisor Network, LLC does not have any retail or institutional customers, and is not currently providing advisory services.

Certain of the Registrant's IARs are Dually Registered Persons with LPL Financial, LLC. LPL Financial is an SEC-registered and FINRA member broker-dealer that is independently owned and operated and is not affiliated with the Registrant. Please refer to Item 12 of this Brochure for a discussion of the benefits that Dually Registered Persons can receive from LPL Financial and the conflicts of interest associated with receipt of such benefits.

The Registrant, its management persons, and its IARs, are not registered (and does/do not have an application pending to register) as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the same.

### A. REGISTRANT'S IARs OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

- **Registered Representatives of LPL Financial.** Clients can choose to engage Registrant's Dually Registered Persons in their individual capacities as registered representatives of LPL Financial, to implement investment recommendations on a commission basis.
- **Licensed Insurance Agents.** Certain of Registrant's IARs, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's IARs to purchase insurance products on a commission basis.
  - **Conflict of Interest:** The recommendation by Registrant's IARs that a client purchase a securities and/or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission-based products from Registrant's IARs. Clients are reminded that they can purchase investment products recommended by Registrant through other, non-affiliated broker-dealers or insurance agents. The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
- **Licensed Attorneys.** Certain of Registrant's IARs are licensed attorneys and may, in their individual capacities, provide legal services to Registrant's clients. To the extent that a client specifically requests legal or estate planning services, the Registrant can recommend the services of an attorney, including certain of Registrant's IARs in their individual capacities as licensed attorneys. Any such legal services shall be rendered independent of the Registrant pursuant to a separate agreement between the client and the attorney. The Registrant shall not receive any of the fees charged by the attorney, referral or otherwise. The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
- **Employees or Affiliates of Banks.** Certain of Registrant's IARs are employees or affiliates of banks,



and can recommend the use or purchase of certain bank products or services.

- **Conflict of Interest:** The recommendation by these IARs that a client use or purchase of certain bank products or services presents a conflict of interest, as a bank employee may have an incentive based on his employment to recommend the use or purchase of certain bank products or services rather than on a particular client's need. No client is under any obligation to use or purchase of any bank products or services. Clients are reminded that they may patronize any bank and are not required to use or purchase any banking products or services recommended by the IAR. In addition, a IAR's employment by a bank does not mean that investments made through him are deposits with the bank, or obligations of the bank or are guaranteed by the bank or any governmental agency. Investments are subject to investment risks, including possible loss of the principal amount invested. The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
- **Other Investment Adviser Firm.** Certain of Registrant's IARs also serve as investment adviser representatives of other registered investment advisers. These IARs may refer certain clients to those other investment advisers for advisory services.
  - **Conflict of Interest:** The recommendation by these IARs that a client engage the investment advisory services of another investment adviser presents a conflict of interest, as these IARs may receive a direct economic benefit from any such referral. No client is under any obligation to engage the services of another investment advisor. The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
- **Real Estate broker or dealer.** Certain of Registrant's IARs also serve as real estate brokers or dealers or as owners or investors in real estate investments. These IARs may recommend the purchase, sale, rental of or investment in real estate.
  - **Conflict of Interest:** The recommendation by these IARs of the purchase, sale, rental of or investment in real estate Such advice presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend real estate based on commissions to be received, rather than on a particular client's need. In addition, holding an ownership interest in real estate investment being offered to a client also presents a conflict of interest. No client is under any obligation to purchase or rent any real estate from or invest in real estate with these IARs. Clients are reminded that they may purchase or rent any real estate recommended by these IARs through other real estate agents, and that they may invest in other real estate ventures. The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
- **Accountants and Certified Public Accountants.** Certain of Registrant's IARs are accountants, Certified Public Accountants and/or Enrolled Agents. To the extent that these IARs provide accounting services (which may include tax advice) to any clients, including clients of the Registrant, all such services shall be performed by those IARs in their individual professional capacities, independent of the Registrant, for which services Registrant shall not receive any portion of the fees charged by the IAR (referral or otherwise). It is expected that these IARs, solely incidental to their practices as accountants, may recommend the Registrant's services to certain of their clients. No client of Registrant is under any obligation to use the accounting services of these IARs. The



Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

### IARs' Brochure Supplements

Registrant's IARs are required to provide clients with a current Form ADV Part 2B ("Brochure Supplement"), which includes information regarding the IAR's education, business experience, disciplinary information, other business activities, additional compensation, and supervision. Please contact the Registrant or your IAR if you did not receive your IARs Brochure Supplement. Clients also may obtain additional information about Registrant's IARs, such as licenses, employment history, their regulatory disciplinary information (if any), and whether he or she has received reportable complaints from investors from the SEC at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). To determine whether any of the Registrant's IARs servicing a client's accounts are engaged in any activities that may create a conflict of interest, clients should review the Brochure Supplements for those IARs. Clients of the Registrant have their primary contact with the IAR of the Registrant who brings them onboard as a client. The IAR may recruit the client while with the Registrant, or may have recruited them while the IAR was affiliated with a previous broker-dealer or registered investment advisor, and induced the client to continue that relationship with the IAR when the IAR became affiliated with the Registrant. IARs of the Registrant have made individual decisions to affiliate with the Registrant. Because each affiliation decision was made solely based on the business determination of the individual IAR and client, the Registrant may be limited in its ability to negotiate fees, etc., on behalf of its clients.

### Recommendation or Selection of Other Investment Advisers

As described above, the Registrant, when appropriate, recommends or selects other investment advisers for its clients, generally through TAMPs. Certain custodians make available advisory services and programs of third party investment advisors. Through these TAMPs, the Registrant's IARs provide ongoing investment advice to clients that is tailored to the individual needs of the client. As part of these TAMP services, the IAR typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and assists the client in opening an account with the TAMP. In addition, depending on the type of program, the IAR may assist the client to select a model portfolio of securities designed by the TAMP or select a portfolio management firm to provide discretionary asset management services. It is the third party investment adviser (and not Registrant's IAR) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to investment objective chosen by the client. This authorization will be set out in the TAMP client agreement. The Brochure for the particular TAMP will explain whether clients may impose restrictions on investing in certain securities or types of securities. In particular, the Registrant currently offers advisory services through TAMPs sponsored by, among others: AssetMark, Brinker Capital, BTS Asset Management, Envestnet, Flexible Plan Investments, Orion Portfolio Solutions, Manning & Napier, Morningstar Managed Portfolios, SEI Investments Management and Symmetry Partners LLC.

Clients should refer to the Brochure, client agreement and other account paperwork for each TAMP for more detailed information about the services available under the program. In addition, the Registrant offers the same or similar TAMPs on a wrap fee basis, which are described in the General Wrap Brochure, a copy of which you may obtain at <https://www.privateadvisorgroup.com/pag-disclosure-documents/> or by contacting your IAR.

The Registrant also may refer clients to other investment advisers under a solicitor or promoter arrangement (see Item 14).





## Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Registrant has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act that applies to all supervised persons of the Registrant, including IARs. Among other things, Registrant's Code of Ethics serves to establish, maintain and enforce (i) a standard of business conduct for all of Registrant's supervised persons that is based upon fundamental principles of openness, integrity, honesty and trust; (ii) compliance by Registrant's supervised persons with Federal securities laws; and (iii) an investment policy relative to personal securities transactions of Registrant's access persons. A copy of the Code of Ethics, which is part of Registrant's Compliance Manual, is available upon request.

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

Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts securities in which the Registrant or any related person of Registrant has a material financial interest.

The Registrant and its IARs at times buy or sell securities that are also recommended to clients. This practice creates a situation where the Registrant and its IARs are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. We address these practices in our Code of Ethics specifically and policies and procedures generally. Policies and procedures address practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation), detecting insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's Access Persons, that is persons who have access to its nonpublic information. The Registrant's securities transaction policy requests that an Access Person of the Registrant provides the Chief Compliance Officer or his designee with access to their current securities holdings as part of the process of becoming an Access Person. Additionally, each Access Person provides the Chief Compliance Officer or his designee with an electronic submission that is akin to a report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

The Registrant can buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and its IARs are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## Item 12 Brokerage Practices

### A. SELECTION AND RECOMMENDATION OF CUSTODIANS, AND BEST EXECUTION

The Registrant recommends to all clients that all client investment funds be held by a custodian with which the client's account is carried on a fully-disclosed basis, and about which the client will receive regular statements from the custodian. The Registrant does not accept engagements with clients where clients' funds are pooled into an omnibus account. See Item 15.

Clients open brokerage accounts or advisory accounts, or some combination of each type of account based on their individual needs. The ultimate decision to custody assets with a particular custodian is made by the



Registrant's clients (including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder). However, Registrant's IARs have significant impact on the decision of which custodian is used. An IAR uses at least one custodian, and certain IARs use multiple custodians.

Registrant's IARs who are Dually Registered Persons with LPL Financial are not permitted to be registered with a broker-dealer other than LPL Financial, and generally may not advise on brokerage accounts away from LPL Financial. However, when such IARs desire to use a custodian other than LPL Financial, the IAR must receive approval from LPL Financial. Registrant's IARs who are not Dually Registered Persons may advise on brokerage accounts at any custodian approved by the Registrant. It is possible that a client may wish their assets to be held by a custodian that the IAR does not have access to, though the Registrant does. In that event, the client could choose to switch IARs in order to access the particular custodian through the Registrant.

In the event that the client requests that the Registrant recommend a custodian for execution and custodian services (exclusive of those clients that may direct the Registrant to use a specific custodian), the Registrant's IAR may recommend that investment accounts be maintained at a custodian with which that IAR has experience. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodian agreement with each designated custodian.

From time to time, the Registrant evaluates its existing custodians and whether to permit use of additional custodians by IARs. The custodians currently used by the Registrant's IARs include:

1. LPL Financial
2. Charles Schwab & Co., Inc.
3. TD Ameritrade, Inc.
4. Pershing Advisor Solutions LLC
5. Fidelity Brokerage Services, LLC
6. Interactive Brokers LLC
7. US Bank
8. SEI Private Trust Company
9. AssetMark Trust
10. TIAA-CREF Individual & Institutional Services, LLC

As noted in Item 4, AFS serves as the transfer agent to the 529-F-2 Direct-at-Fund programs and provides the custodian services for clients invested in the American Funds 529-F-2 share classes.

Factors that the Registrant considers in recommending a custodian (LPL Financial, PTC and/or any other custodian) include historical relationship with the Registrant, eligible account types, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission and transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best





execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer or custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close. Custodians may make various share classes of mutual funds available to the Registrant and its clients. Even though multiple share classes are available from an investment product sponsor, a custodian may only make available a single share class or a limited number of share classes on its platform. The Registrant will select for purchase only share classes that are no-load or load-waived share classes and therefore not subject to any upfront sales charge paid to the investment sponsor, but may be subject to a transaction fee paid to the custodian. Custodians may not choose to offer the least expensive share class that an investment product sponsor makes available, but instead may select a share class that pays the custodian compensation for the administrative and recordkeeping services that the custodian provides to the investment product sponsor. Other custodians and financial services firms may offer the same mutual fund at a lower overall cost to the investor than is available through the Registrant or a particular custodian and the client should consider these factors in deciding between types of investments, types of investment products and types of investment accounts. In reviewing mutual fund share class holdings in existing portfolios, the Registrant evaluates the transaction costs of switching between share classes and the investment horizon of the client to determine whether a client will benefit from a particular transaction.

As discussed previously in Item 10, certain associated persons of the Registrant are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about the Registrant's clients, even if client does not establish any account through LPL Financial. If you would like a copy of the LPL Financial privacy policy, please visit [www.lpl.com](http://www.lpl.com) or contact the Registrant's Chief Compliance Officer.

The final decision to custody assets with a particular custodian is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. The Registrant is independently owned and operated and not affiliated with any custodians.

#### Research & Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular custodian, the Registrant may receive from LPL Financial, without cost (and/ or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management- related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and products that may be received may assist the



Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected or assets maintained at LPL Financial or PTC as a result of this arrangement. There is no corresponding commitment made by the Registrant to LPL Financial, PTC or any custodians to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

In the event that the Registrant's clients utilize the services of Charles Schwab & Co., Inc. ("Schwab") as a custodian, Schwab may provide the Registrant with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent registered investment advisers like the Registrant on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the registered investment advisor's clients' assets are maintained in accounts at Schwab Institutional. Other custodians may provide similar services based on maintaining similar levels of client assets with them, and clients should be aware that other custodians may charge lower fees or higher fees for making services available, or may require a lower or higher level of assets to be custodied with them. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For client accounts of the Registrant that are maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle in Schwab accounts. Custodians also make available to the Registrant other products and services that benefit the Registrant but may not benefit its clients' accounts. These benefits may include national, regional or Registrant-specific educational events organized and/ or sponsored by the custodian.

Other potential benefits may include occasional business entertainment of personnel of the Registrant by the custodian, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other such products and services assist the Registrant in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Registrant's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Registrant's accounts, including accounts not maintained at the particular custodian.

The custodian also may make available to the Registrant other services intended to help the Registrant manage and further develop its business enterprise. These services may include professional, compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, custodians may make available, arrange and/ or pay vendors for these types of services rendered to the Registrant by independent third parties. The custodian may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Registrant. The Registrant's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to the Registrant of



the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest. From time to time, certain IARs of the Registrant or groups of those IARs may receive specific benefits from broker-dealers generally for those IARs to custody client assets with those broker-dealers at a time when those IARs are changing their affiliations. LPL Financial provides transition assistance payments in the form of forgivable and non-forgivable loans to certain IARs of the Registrant who are also registered representatives of LPL Financial. All such transition assistance payments are made to those persons in their capacities as registered representatives of LPL Financial.

The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest any such arrangement may create.

#### Brokerage for Client Referrals

The Registrant does not receive referrals from broker-dealers.

#### Directed Brokerage

The Registrant does not generally accept directed brokerage arrangements (*i.e.*, where a client requires that account transactions be effected through a specific broker-dealer). As discussed above, the Registrant's IARs who are Dually Registered Persons are not generally permitted to participate in brokerage arrangements away from LPL Financial. In addition, the Registrant has determined to follow a policy of requiring client assets to be held with its custodians on a fully-disclosed basis, instead of in an omnibus account in the Registrant's name, to increase transparency and security for clients, but at the cost of reducing the Registrant's capability and leverage to negotiate brokerage arrangements. In client directed arrangements, the client will negotiate terms and arrangements for their account with their broker-dealer, and Registrant will not seek better pricing from other broker-dealers or be able to "bunch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. In addition, custodialing client assets in individually identified accounts at specific custodians may limit the choice of investment products, such as classes of mutual funds that are available on that custodian's platform and may result in a client not being able to invest in particular investment products or paying higher transaction fees based on the products that are made available. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement.

## **B. AGGREGATING TRANSACTIONS**

To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed



independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

### **C. OPENING BROKERAGE OR ADVISORY ACCOUNTS WITH LPL FINANCIAL OR ANOTHER CUSTODIAN**

The Registrant's IARs will generally assist clients in establishing brokerage accounts and/or advisory accounts with LPL Financial or another custodian to maintain custody of clients' assets and to effect trades for their accounts.

#### **1. LPL Financial**

LPL Financial provides brokerage and custodian services to independent investment advisory firms, including the Registrant. For the Registrant's accounts custodied at LPL Financial, LPL Financial generally is compensated by clients through commissions, trails, or other transaction-based fees for trades that are executed through LPL Financial or that settle into LPL Financial accounts. In order for IRA accounts to qualify as for tax-favorable treatment under section 408(h) of the Internal Revenue Code, LPL Financial arranges for them to be held in custodial accounts with PTC, a banking subsidiary of LPL, and PTC charges an annual account maintenance fee for its services. In addition, LPL Financial also charges clients miscellaneous fees and charges, such as account transfer fees. LPL Financial may charge certain Dually Registered Persons an asset-based administration fee for administrative services provided by LPL Financial. Such administration fees are not directly borne by clients, but may be taken into account when the Dually Registered Persons negotiate the advisory fee with a client.

While LPL Financial does not participate in, or influence the formulation of, the investment advice that the Registrant provides, certain supervised persons of the Registrant are Dually Registered Persons. Dually Registered Persons are restricted by certain FINRA rules and policies from maintaining client accounts at another custodian or executing client transactions in such client accounts through any broker-dealer/custodian that is not approved by LPL Financial. As a result, the use of other trading platforms by Dually Registered Persons must be approved not only by the Registrant, but also by LPL Financial.

Clients should also be aware that for accounts where LPL Financial serves as the custodian, the Registrant is limited to offering services and investment vehicles that are approved by LPL Financial, and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL Financial. Clients should also be aware that Dually Registered Persons are limited to offering services and investment vehicles that are approved by LPL Financial, even if those services or investment vehicles are offered on a custodian platform away from LPL Financial where the client maintains an account.

Clients should understand that not all investment advisers require that clients custody their accounts and trade through specific broker-dealers, or even recommend that clients custody their accounts and trade through specific broker-dealers. Clients should also understand that not all investment advisers have IARs who are Dually Registered Persons. Clients should also understand that not all investment advisers have a policy of maintaining client assets in individually identified accounts.

Clients should also understand that LPL Financial is responsible under FINRA rules for supervising certain business activities of the Registrant and its Dually Registered Persons that are conducted through custodians other than LPL Financial. LPL Financial can charge a fee for its oversight of activities conducted through these other custodians, although LPL Financial may agree to waive this fee for certain Dually



Registered Persons. This arrangement presents a conflict of interest because the Registrant and its Dually Registered Persons have a financial incentive to recommend that clients maintain their accounts with LPL Financial rather than with another broker-dealer/ custodian to avoid incurring the oversight fee.

- *Benefits Received by the Registrant's Personnel*

LPL Financial makes available to the Registrant various products and services designed to assist the Registrant in managing and administering client accounts. Many of these products and services may be used to service all or a substantial number of the Registrant's accounts, including accounts not held with LPL Financial. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and aggregation and allocation of trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of the Registrant's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting.

LPL Financial also makes available to the Registrant other services intended to help the Registrant manage and further develop its business. Some of these services assist the Registrant to better monitor and service program accounts maintained at LPL Financial, however, many of these services benefit only the Registrant, for example, services that assist the Registrant in growing its business. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by the Registrant in furtherance of the operation and development of its investment advisory business.

Where such services are provided by a third party vendor, LPL Financial will either make a payment to the Registrant to cover the cost of such services, reimburse the Registrant for the cost associated with the services, or pay the third party vendor directly on behalf of the Registrant.

The products and services described above are provided to the Registrant as part of its overall relationship with LPL Financial. While as a fiduciary the Registrant endeavors to act in its clients' interest at all times, the receipt of these benefits creates a conflict of interest because any advice from the Registrant's IAR that leads clients to custody their assets at LPL Financial is based in part on the benefit to the Registrant of the availability of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by LPL Financial. The Registrant's receipt of some of these benefits may be based on the amount of the Registrant's advisory assets custodied on the LPL Financial platform. The receipt of some of these benefits by a Dually Registered Person is based on that person's relationship with LPL Financial and is provided to him or her through his or her role as a registered representative of LPL Financial.

- *Transition Assistance Benefits*

LPL Financial provides various benefits and payments to Dually Registered Persons that are new to the LPL Financial platform to assist the Dually Registered Person with the costs (including foregone revenues during account transition) associated with transitioning his or her business to the LPL Financial platform (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Dually Registered Person's business, satisfying any outstanding debt owed to the Dually Registered Person's prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the Dually Registered Person's clients transitioning to LPL Financial's custodian platform,



technology set-up fees, marketing and mailing costs, stationery and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

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

Transition Assistance payments and other benefits are provided to Dually Registered Persons in their capacity as registered representatives of LPL Financial. However, the receipt of Transition Assistance by such Dually Registered Persons creates a conflict of interest relating to the Registrant's advisory business because it creates a financial incentive for the Registrant's IARs to recommend that its clients maintain their accounts with LPL Financial. In certain instances, the receipt of such benefits is dependent on a Dually Registered Person maintaining his or her clients' assets with LPL Financial, or maintaining a certain level or client assets with LPL Financial, and therefore the Registrant and its IARs have an incentive to recommend that clients maintain their account with LPL Financial in order to generate such benefits.

The Registrant attempts to mitigate these conflicts of interest by evaluating and recommending that clients use LPL Financial's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular Dually Registered Persons. The Registrant considers LPL Financial's historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service when recommending or requiring that clients maintain accounts with LPL Financial.

The Registrant does not receive any part of the Transition Assistance paid to Dually Registered Persons, but the Registrant benefits from the Transition Assistance paid by LPL Financial to Dually Registered Persons because the payment of such Transition Assistance increases the Registrant's ability to attract new Dually Registered Persons and thereby increase its assets under management. However, clients should be aware of this conflict and take it into consideration in making a decision whether to engage the Registrant for investment advice and whether to custody their assets in a brokerage or advisory account at LPL Financial.

The Registrant has provided Transition Assistance to registered persons in the form of forgivable loans conditioned on the registered person remaining with the Registrant to obtain the full value of the loan forgiveness. The opportunity for loan forgiveness presents a conflict of interest by presenting a financial incentive for the registered person to remain with the Registrant whether or not it is advantageous to his clients.

## **2. Custodians Other than LPL Financial**

The Registrant participates in various programs offered by its custodians that offer certain services to independent investment advisers, including custody of securities, trade execution, clearance, and settlement of transactions. (Please see additional disclosures under Item 14 below). In addition, some of the same custodians utilized by the Registrant and referenced in this Brochure are also utilized by the Registrant through the Custodian Programs. The Custodian Programs are further described in the General Wrap Brochure, a copy of which you may obtain at <https://www.privateadvisorgroup.com/pag-disclosure-documents/> or by contacting your IAR.

## **D. RISKALYZE AUTOPILOT**





The Registrant uses Riskalyze Autopilot technology to help us organize, document and calculate the trades necessary to implement investment decisions for sets of accounts. Riskalyze offers discounts on their services when a certain level of assets are invested with certain asset management firms or in certain mutual funds. These discounts create an incentive for the Registrant to invest with those asset management firms or in those mutual funds. The availability of the discounts creates a conflict of interest because the Registrant may invest client assets to obtain the discounts, and the discounts do not directly benefit the client whose assets are being invested. The Registrant participates in Riskalyze's "No Platform Fee" discount program and will receive discounts on its technology expense from Riskalyze through its participation in the program. Without the discounts, the Registrant would be responsible for the expense of this technology. The receipt of the discounts creates a financial incentive for the Registrant to recommend certain asset management firms or certain mutual funds to obtain the discounts over others that could have lower expenses or better performance. This financial incentive creates a conflict of interest.

### Item 13 Review of Accounts

For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on a periodic basis by the Registrant and its IARs. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. Part of the periodic reviews include whether the client's account type remains in the best interest of the client and, if not, the client can be switched to an account with a different fee structure and investment options.

All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.

The Registrant conducts account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections, and client request. A client can request a meeting with their IAR at any time.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the custodian, and from the Registrant in its capacity as program sponsor. The Registrant may also provide a written periodic report summarizing account activity and performance.

### Item 14 Client Referrals and Other Compensation

#### Custodian Arrangements

As part of its fiduciary duties to clients, the Registrant endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Registrant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Registrant's choice of a particular custodian for custody and brokerage services.

- **LPL Financial**

As referenced in Item 12 above, the Registrant may receive an indirect economic benefit from LPL Financial. The Registrant, without cost (and/or at a discount), may receive support services and/or products from LPL Financial. Registrant's clients do not pay more for investment transactions effected and/or assets maintained at LPL Financial as a result of this arrangement. There is no corresponding commitment made by the Registrant to LPL Financial or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. Other broker-dealers, such as the custodians referenced in Item 12 above, may also provide



similar indirect economic benefits, support services and products, and do not require higher payments or fees or minimums.

- **Custodians other than LPL Financial**

As referenced in Item 12 above, the Registrant also has established relationships with custodians other than LPL Financial to assist the Registrant in managing client accounts. The custodians provide custody and brokerage services to clients, and certain custodians make available the Custodian Programs. The Registrant receives access to software and related support as part of its relationship with the custodians, or, in some cases cash compensation to defray the cost of these items that are procured directly by the Registrant. The software and related systems support or cash payments may benefit the Registrant, but not its clients directly. In fulfilling its duties to its clients, the Registrant endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a conflict of interest since these benefits may influence the Registrant's recommendation of the custodian over one that does not furnish these economic benefits. Additionally, the Registrant may receive the following benefits from the custodians: financial start-up support; reimbursement to clients for transfer costs to the platform/custodian; financing services, receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Solicitor or Promoter Arrangements

If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant pays that solicitor a referral fee in accordance with the requirements of the Advisers Act, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written disclosure document and with a copy of the written disclosure statement disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

If the Registrant introduces a client to another investment adviser or an investment manager, the Registrant is usually paid a referral fee in accordance with the requirements pursuant to regulation under the Advisers Act, and any corresponding state securities law requirements. Any such referral fee shall be paid according to a fee disclosure statement provided to the client at the time that the referral is made. When the Registrant is acting as an unaffiliated source of referral, the Registrant, at the time of the referral, shall disclose the nature of its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written disclosure documents and with a copy of a written disclosure statement disclosing the financial terms of the arrangement between the Registrant and the investment adviser or investment manager receiving the referral, including the compensation to be received by the Registrant.

LPL Financial Transition Assistance

The Registrant and its Dually Registered Persons have a financial incentive to join and remain affiliated with LPL Financial and to recommend that clients establish accounts with LPL Financial through the provision of Transition Assistance (discussed in Item 12 above). LPL Financial also provides other compensation to the Registrant and its Dually Registered Persons, including but not limited to, bonus payments, forgivable and





non-forgivable loans, stock awards and other benefits. This compensation may be based on participation in advisory programs sponsored by LPL Financial and derived from advisory fees paid to LPL Financial.

The receipt of any such compensation creates a financial incentive for your IAR to recommend LPL Financial as custodian for the assets in your advisory account and as advisory program sponsor. We encourage you to discuss any such conflicts of interest with your IAR before making a decision to custody your assets at LPL Financial and utilize an LPL Financial advisory program.

### Item 15 Custody

The Registrant does not have custody of client funds or securities—except in the circumstances detailed below. All client investment funds are held by a custodian in accounts identified individually to the client and about which the client will receive regular statements. Any funds being deposited for investment should be payable to the custodian where the account is held, not to the Registrant or one of its IARs. Although consolidating client assets in an omnibus account could create some marketplace advantages, the Registrant has determined to adopt a policy of using individual client accounts at an independent custodian to provide greater security and transparency to its clients.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer, custodian or program sponsor for the client accounts. The Registrant has the ability to have its advisory fee for each client debited by the custodians on a quarterly basis. Where the Registrant has the ability to have its fees debited in this manner, it is deemed to have custody, but is not subject to surprise audit. In some cases, payment of fees may be made directly to the Registrant by clients, but never to IARs.

In February 2017, the SEC issued a no action letter (“Letter”) with respect to the Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The Letter provided guidance on the Custody Rule as well as clarified that an advisor who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our qualified custodians:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment advisor, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other
- information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.



The Registrant may also provide a written periodic report summarizing account activity and performance. Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, clients are urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. Please Also Note: The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

### Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client executes an Investment Advisory Agreement, naming the Registrant as the client's agent and attorney-in-fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account. Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

### Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

### Item 18 Financial Information

The Registrant is not required to include its balance sheet for the most recent fiscal year.

The Registrant is unaware of any financial condition that is likely to impair its ability to meet its commitments to clients.

The Registrant has not been the subject of a bankruptcy petition.

### ANY QUESTIONS?

The Registrant's Chief Compliance Officer, James Hooks, remains available to address any questions that a client or prospective client can have regarding the above disclosures and arrangements. Should a client or prospective client have any questions, please contact Mr. Hooks at (973) 538-7010.