



# Form ADV Part 2A

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This Brochure provides information about the qualifications and business practices of Osaic Institutions, Inc. If you have any questions about the contents of this Brochure, please contact us by email at [oi.compliance@osaic.com](mailto:oi.compliance@osaic.com), or by telephone at (203) 599-6000, or by mail at the address above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

# Item 2 - Material changes

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

Since our last annual updating amendment on March 26, 2024, we have made the following material amendments to this Brochure:

Item 4 – Addition of Donor Advised Fund Offering

Item 5 – Clarification of Fees for Financial Planning and Consulting and ERISA Plan Services

Item 5 – Clarification of Money Market Funds Offered, Material Conflicts of Interest

Item 6 – Clarification of Performance Compensation

Item 8 – Addition of Various Risks

Item 10 – Removal of Various Other Industry Affiliates

Item 10 – Clarification of a Conflict of Interest with Various Affiliates

Item 14 – Addition of Various Additional Compensation Programs offered to Advisors (e.g. Advisor Appreciation)

Various updates to formatting throughout

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# Item 4 - Advisory business

Osaic Institutions, Inc. (referred to as “Osaic Institutions,” “we” or “us” or the “Firm”) is a Connecticut corporation headquartered in Meriden, Connecticut. We have been in business since 1993. We are registered with the SEC as an investment adviser and are also registered with the SEC and 50 states as a broker-dealer. We are a member of the Financial Industry Regulatory Authority (“FINRA”). As of December 31st, 2024, we managed client assets of approximately \$1,088,522,664 on a discretionary basis and \$2,935,926,307 on a non-discretionary basis. Osaic Institutions is owned 100% by Osaic Institutions Financial Holdings, Inc (“OIFH”). On October 3, 2022, OIFH was acquired by Osaic Holdings, Inc. (“OHI”) which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P. and The Berlinski Family 2006 Trust.

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

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

## Customized advisory services

Osaic Institutions offers clients customized advisory engagements where IARs purchase and sell securities on a discretionary or non-discretionary basis pursuant to an investment objective chosen by the client. “Non-discretionary” services require clients to initiate or pre-approve investment transactions in their accounts before they can occur, whereas “discretionary” services authorize the IAR or other designated third-party investment adviser to buy, sell or hold investment positions without obtaining pre-approval from clients for each transaction. This authority is set out in an advisory agreement between Osaic Institutions, the IAR and the client. The IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the advisory services and assists the client in setting the appropriate investment objective. The IAR provides ongoing investment advice and management that is tailored to the individual needs of the client based on the investment objective chosen by the client. Depending on the specific engagement, the types of securities that the IAR may purchase and sell include mutual funds, ETFs, equities, fixed income securities, and/or variable annuity subaccounts. Clients generally may impose reasonable restrictions on investing in certain securities or groups of securities.

## Financial planning and consulting services

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

Clients can also receive investment advice on a more limited basis. This may include consultation on only a specific area such as college funding, survivor needs, investment planning, or any other topic. In these situations, only the requested topic is addressed, and the impact on other financial concerns, or advice provided, is not considered. Osaic Institutions

may also provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/ or annuity advice. The IAR may or may not deliver to the client a written analysis or report as part of the services. The IAR tailors the consulting services to the individual needs of the client based on the investment objective chosen by the client. The engagement terminates upon final consultation with the client. Osaic Institutions and the IAR do not have any discretionary investment authority when offering consulting services. The IAR makes recommendations as to general types of investment products or securities that may be appropriate for client to consider and may also provide recommendations regarding specific investments or securities.

## **ERISA plan services**

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

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

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

The agreement we sign with the Plan includes the disclosures required of IAR under Section 408(b)(2) of ERISA, in particular, (i) the services to be provided by IAR, (ii) the extent to which IAR is acting as a fiduciary, (iii) the compensation to be received by IAR, and the manner of receipt of that compensation, and (iv) any fees payable on termination of the agreement. IAR receives no indirect compensation in respect of the services provided pursuant to the agreement. We retain a portion of the compensation described in the agreement for our services in connection with the agreement, the amount of which varies with our arrangement with each IAR. Pursuant to the agreement, IAR neither provides recordkeeping services nor makes available any designated investment alternative for the Plan nor advises any investment contract, fund or entity in which the plan has a direct equity investment, and no disclosures under Section 408(b)(2) are thus required to be provided in respect of those matters.

The Firm may serve as a "fiduciary" as that term is defined in Section 3(38) of ERISA, also an affiliate such as Ladenburg Thalmann or another third-party manager may also act as a 3(38) Investment Manager in our stead.

## **Solicitation and referral services**

Osaic Institutions and the IARs may occasionally act as a referral source to a third-party asset manager(s) ("TPAM") (in which case we are referred to as a "promoter", "solicitor", or "referrer") for a fee; however, this is outside the scope of the investment advisory services described in this Brochure. When we engage with a TPAM, neither Osaic Institutions nor the IAR are the client's investment adviser or provide investment advice. In connection with these services, the IAR may be responsible for completing a profile of the client and gathering client information. The IAR may also be responsible for the suitability of the program offered by the TPAM and periodically updating the client's financial goals and objectives. In these cases, the IAR will provide the referred client with a disclosure statement regarding the role of Osaic Institutions and the IAR as a referral agent. Please see Item 14 below for more information about these referral services and the related compensation. For a description of these programs and the related fees and expenses, you may obtain a copy of

each TPAM's Form ADV Part 2A by visiting [adviserinfo.sec.gov](http://adviserinfo.sec.gov) or upon request from the TPAM. You may also request Form ADV Part 2B from the TPAM which contains detailed information about the individual TPAM's representative(s) who will be responsible for managing your assets.

## Wrap fee programs

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

These programs include:

- Osaic Institutions Advisor Managed Portfolios Program ("AMP")
- Osaic Institutions Unified Managed Account Program ("UMA")
- WealthSelect Program\*
  - Please note this program is managed by an affiliated entity, Laden Thalmann Asset Management, Inc. ("LTAM"). More information on LTAM is outlined below in Item 10.
- Advisor Managed Portfolio Program\*

\* For Existing Clients/Legacy Use Only

## Other Services

### Alternative Investments and CAIS

Osaic Institutions has contracted with CAIS Capital, LLC and Capital Integration Systems LLC (collectively "CAIS") and has granted IARs access to the CAIS alternative investment platforms. CAIS and its affiliates conduct the initial and ongoing due diligence (investment and operational) on private equity and hedge fund offerings available on their platform. Osaic Institutions relies on the due diligence provided by CAIS related to the offerings available on the platform. Only approved alternative investment are available on the CAIS platform. Our agreement with CAIS provides for a payment to us of up to 10 basis points (.10%) on the sale amount of alternative investment products sold through the CAIS platform to our clients. CAIS also pays a fee to attend Osaic Institutions' conferences for our IARs. Please note that with privately held alternatives valuations can lag a month or more and are received from the issuers' or offerings' third-party administrator.

### Donor Advised Funds ("DAF"s")

The Firm offers donor-advised-funds (DAF"s"), which are planned investment vehicles that can be sponsored by charitable organizations. In a DAF, you can make an irrevocable gift into an account owned by a charitable organization and can recommend distributions to charities of your choice thereafter. You have the option to request the Firm serve as the investment adviser on the account and pay the Firm an investment advisory fee based on assets in the DAF. In such case, the Advisory Representative has an incentive to advise a client to make a distribution directly to a DAF in lieu of a charity and advise against distributions from the DAF to eligible charities. This activity would reduce the amount of assets managed by the Firm and the Advisory Representative, creating a conflict of interest as these parties' fees are based on a percentage of such assets.

## Seminars

Our IARs are permitted to hold investment-related seminars and/or educational events to existing clients, prospective clients, and the general investing public. The seminars feature general investment-related advice for educational purposes and can include both securities and non-securities topics. No specific individualized investment advice regarding investment objectives or investment related needs of the attendees, listeners, or audience is rendered during seminars. However, participants are free to schedule meetings with the IAR(s) in an effort to obtain personalized investment advice. Seminars are provided at either no cost or for a fee charged to participants (i.e., to help cover expenses incurred in presenting the seminar). If fees are charged, all fees and payment provisions are fully disclosed prior to the seminar being presented.

## LoanAdvance™ program

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

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

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

## Securities Backed Line of Credit (SBLOC)/ Non-Purpose Loans

Osaic Institutions offers you SBLOCs offered through participating third-party banks and our clearing brokers. SBLOCs are loans whereby an investor borrows against the assets in his or her investment portfolio without having to liquidate these securities. These loans require monthly interest-only payments, and the loan remains outstanding until it is repaid. SBLOCs are non-purpose loans, which means the loan proceeds can be used for purposes other than to purchase or trade securities.

An SBLOC allows you the opportunity to avoid potential capital gains taxes because you don't have to liquidate securities for access to funds. You might also be able to continue to receive the benefits of your holdings, like dividends, interest and appreciation. However, as with virtually every financial product, SBLOCs have risks and downsides. For instance, if the value of the securities you pledge as collateral decreases, you may need to come up with extra money fast, or your positions could be liquidated.

Prior to establishing a SBLOC, you should carefully review the disclosure form provided by Osaic Institutions.

## Sweep programs

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

## Margin Loans

As a broker-dealer, Osaic Institutions can arrange for its clearing broker/custodian for your account to loan you money against the value of certain stocks, bonds and mutual funds that are held in your account at that clearing broker. That borrowed money is called a margin loan and can be used to purchase additional securities. Margin loans are not available in retirement or custodial accounts. There's no set repayment schedule with a margin loan—monthly interest charges accrue to the account, and the borrower has the option to repay the principal at their convenience, subject to margin calls as discussed below.

Margin loans can be profitable when securities in an account increase in value and the increase in value exceeds the interest you pay on the margin loan. However, the magnifying effect works the other way as well. The marginable investments in the portfolio provide the collateral for the margin loan. While the value of that collateral fluctuates according to the market, the amount borrowed stays the same. If the value of the margined securities decline to the point where they no longer meet the minimum equity requirements for the margin loan, there will be a margin call. When this happens, Osaic Institutions or its clearing broker/custodian for your account will ask that more cash or marginable securities be deposited into the account to meet the minimum equity requirement or they may sell securities in the account as needed. Please remember:

- Margin loans increase an account's level of market risk;
- Osaic Institutions or its clearing broker/custodian for your account may initiate the sale of any security in the account without contacting the account owner, to meet the margin call; and
- Account owners are not entitled to an extension of time on a margin call.

Osaic Institutions has a conflict of interest in recommending to you a margin loan because Osaic Institutions (in its capacity as a broker-dealer) receives a markup on the interest charged on the loan. Such markups on margin interest range up to a maximum markup of 300 basis points (3.00%) above the clearing broker's base lending rate. Your Advisory Representative is not compensated on margin loan balances and therefore does not have a conflict of interest in recommending the use of margin. Consequently, Osaic Institutions' conflict of interest to you is mitigated since your Advisory Representative does not receive additional compensation for recommending to you the use of margin. Osaic Institutions maintains policies and procedures to ensure recommendations made to you are in your best interest and in conjunction with the lack of compensation to your Advisory Representative, believe this mitigates any conflict to Osaic Institutions. Please refer to your margin agreement for additional details regarding your margin loan.

Please refer to your margin agreement for additional details regarding your margin loan. Please also refer to the [Client Fee Disclosure - Pershing Clearing](#) and [Client Fee Disclosure - NFS Clearing](#) located at [osaic.com/disclosures](https://osaic.com/disclosures) to find additional details regarding your margin loan fees.

# Item 5 - Fees and compensation

## Customized advisory services

Services fees for customized advisory services are typically based on the value of assets under management and will vary by engagement. The maximum advisory fee is generally 2.50%, the advisory fee is negotiable between the IAR and the client and is payable either in advance or in arrears as described in the client agreement. Client may pay a monthly or quarterly account fee, in advance or arrears, based upon the market value of the assets held in your account as of the last business day of the billing period. Or, the fee may also be based on the average daily balance of the account for the billing period. The amount, frequency, and methodology of the fee will be set out in the client agreement executed by the client at the time the relationship is established. Fees are generally directly deducted from the client accounts.

A custom program account may be terminated according to the client agreement. If the client agreement provides for payment in advance, the agreement will state how the client can obtain a refund of any prepaid fee if the agreement is terminated before the end of the billing period.

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

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

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

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

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

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

## Financial planning and consulting services

The fees for Osaic Institutions' financial planning services may be a fixed or variable amount based upon the issues to be addressed by the IAR or may be based on an hourly charge. Hourly fees will generally range from \$50 - \$750 per hour, not exceeding \$20,000 annually depending on the nature and complexity of your circumstances. Hourly fees for the financial planning or consulting services will be billed to you after the services are performed and are due upon receipt of the bill. Fixed or flat fees for a financial planning and wealth consulting services generally range up to \$20,000, depending on the nature and complexity of your circumstances. The fixed fee can be paid periodic installments as specified in your agreement. We will not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Fees for financial planning and consulting services are generally negotiable by the IAR and are paid in advance, in arrears, or in periodic installments as outlined in the client agreement. All financial planning and consulting fees will be specifically set forth in the financial planning or consulting agreement signed by the client in advance of services.

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

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

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

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

The client remains solely responsible for determining whether or not to implement the recommendations provided by the Advisory Representative. Investment advisory services and any recommendations with respect to specific securities are provided under the Firm's investment advisory program pursuant to a separate investment advisory agreement signed by the client.

We are not qualified to, and do not render legal, tax or accounting advice or prepare any legal documents for you unless our Advisory Representative is duly licensed as an attorney or accountant in your state of residence. Your personal attorney will be solely responsible for providing legal advice, legal opinions, legal determinations and legal documents. Your personal tax adviser or accountant will be solely responsible for any tax or accounting services provided to you.

If you receive Financial Planning and Consulting services, and pursuant to a plan or consultation, you purchase securities or insurance products offered through us, your Advisory Representatives typically receive commissions as Registered Representatives of Osaic Institutions or insurance agents in connection with such transactions. Thus, in these circumstances Advisory Representatives will have a conflict of interest when providing these services because they will likely receive additional compensation if you choose to execute transactions through them in this capacity. The Advisory Representative and Osaic Institutions will also be additionally compensated if you choose to implement recommendations by retaining the Advisory Representative to provide other investment advisory products or services. You are under no obligation to purchase products or services recommended by us or our Advisory Representatives.

## ERISA plan services

Clients that utilize Osaic Institutions' retirement plan services will pay Osaic Institutions a fee for such services. Fees for retirement plan services are negotiable and based on a number of factors, including plan assets under management and the scope of the engagement. The fee may be based upon a percentage of assets (up to 1.25%), an hourly fee (up to \$300 per hour), or on a fixed fee (up to \$100,000). The fee will be payable to Osaic Institutions in arrears or in advance on the frequency (typically monthly or quarterly) as agreed to by Osaic Institutions, the IAR and the client. If asset-based fees are

employed, the fee generally will be based upon the value of plan assets as of the close of the last business day of the period, as valued by the custodian of the assets. However, if the fee is paid by the plan or client through a third-party service provider, the fee will be calculated in a manner determined by the provider. If the fee is paid prior to the services being provided, the plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement among the client, Osaic Institutions and the IAR.

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

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

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

As part of the Plan services, the IAR may recommend a mutual fund that pays asset-based sales charges or service fees (e.g., 12b-1 fees) to Osaic Institutions and the IAR as broker-dealer to the Plan. The receipt of 12b-1 fees presents a conflict of interest because it gives Osaic Institutions and its IARs an incentive to recommend mutual funds based on the compensation received rather than on a client's needs. Osaic Institutions addresses this conflict by returning 12b-1 fees paid by product sponsors back to the Plan.

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

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

## **Solicitation and referral services**

Compensation in connection with TPAM services generally consists of six elements: i) management fees paid to TPAMs; ii) management fees paid to us as outlined in the client agreement that you sign with us; iii) transaction costs – if applicable – which are charged when purchasing and selling such securities; iv) custody fees; v) revenue sharing paid to Osaic Institutions and vi) fees paid to us for administrative and supervisory services. Your account will be held with the Third-Party Advisory Service custodian where your fees will be assessed and deducted.

Similar investment strategies offered through the TPAM services program can be offered by more than one provider, including other TPAMs, as well as through other advisory programs offered through Osaic Institutions and its affiliates. You should be aware that lower fees for comparable services may be available from other sources.

The account fees paid by client include portions paid to your IAR ("Advisory Fees"), as well as to Osaic Institutions, the custodian, and the TPAM selected ("Program Fees").

Mutual funds, exchange traded funds and other pooled investment vehicles invested in the account also have their own internal fees ("internal fund expenses") which are separate and distinct from the program account fees (for more information on these fees, see the applicable fund prospectus). Since fees billed to your account for TPAM services are typically comprised of both Program Fees and Advisory Fees, IARs may have an incentive to select TPAMs with lower platform Program Fees in order to manage the overall fee charged to you. You and your IAR should consider the overall fees and expenses, including internal fund expenses, when selecting managers and other portfolio investments. For further details, please see the applicable TPAM's disclosure brochures, investment advisory contracts and account opening documents.

Each of our IARs negotiates his or her own management fee schedule; however, management fees charged by the TPAM service in connection with their services are not negotiable. Osaic Institutions maintains certain revenue sharing arrangements with certain TPAM services and product sponsors (please refer to Item 14, Other Compensation).

## **Wrap fee programs**

Please refer to the applicable Osaic Institutions' wrap fee program(s) brochure for more information on fees.

## **Other fees and compensation**

### **Compensation from the sale of securities or other investment products**

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

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

Commissions and other compensation from sales of securities and insurance products represent a significant portion of our firm's annual revenue and are primary forms of compensation. The potential for sales compensation provides an incentive for an IAR to place their interest ahead of a client's interests. While these individuals endeavor to put their clients' interest first, the receipt of sales compensation may affect their judgment when making recommendations.

The Firm receives a structuring fee directly from issuers of structured products purchased in non-qualified advisory accounts to compensate the Firm for administrative and/or distribution related services. This fee will be up to 65 basis points (0.65%) of the principal amount of the trade for eligible account types. The amount and structure of the fee varies among issuers. This fee creates a conflict of interest because the Firm has a financial incentive to recommend or select structured products over other products that do not pay the Firm a similar fee. Your Advisory Representative does not receive any portion of the structuring fee.

Finally, certain additional brokerage fees and custodian fees apply to your advisory accounts where Osaic Institutions is acting as the broker-dealer. In some instances, we apply a markup to these fees. Depending on the custodial fee, it is applied annually, per transaction, per month or per CUSIP. Additional information related to specific programs offered is disclosed elsewhere in the brochure.

### **Negotiation of fees; costs compared to other programs**

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

## LoanAdvance™ program

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

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

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

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

## Securities Backed Line of Credit (SBLOC)/ Non-Purpose Loans

Osaic Institutions receives Third-Party compensation from participant banks and clearing brokers based on a markup on the interest in amounts of up to 175 basis points (1.75%) charged on the amount of the outstanding loans. The compensation varies depending on the participant bank or clearing broker that you select to provide your loan. This compensation is a conflict of interest because Osaic Institutions has a financial incentive for the client to select a lender that pays compensation to Osaic Institutions over one that does not, and an incentive for the client to maintain outstanding loans through the program. However, Osaic Institutions does not share this compensation with its Advisory Representatives. Osaic Institutions and its Advisory Representatives interests in continuing to receive investment advisory fees is an incentive to recommend that clients borrow money rather than liquidating some of their assets managed by Osaic Institutions, when it could be in a client's best interest to sell such assets instead of using them as collateral for a loan. Osaic Institutions maintains policies and procedures to ensure recommendations made to you are in your best interest and in conjunction with the lack of compensation to your Advisory Representative, believes this mitigates any conflict to Osaic Institutions.

## Sweep programs

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

FDIC Insured Deposit Program (BDSP & ICAP)

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

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

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

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

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

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

### ***Money market mutual funds - Pershing***

Free credit balances in the following Program Account types custodied at Pershing will be automatically swept into the Federated Hermes Government Reserves Fund (GRFXX), which is managed by Federated Hermes Investors ("Federated Hermes"):

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

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

Osaic Institutions does not receive any compensation from the Federated Hermes Government Reserves Fund.

For additional information about the Sweep Program for accounts custodied at Pershing, please visit our website located at [osaic.com/disclosures](http://osaic.com/disclosures).

## Material conflicts of interest

Because the Sweep Program generates significant payments from third parties (i.e., the Program Banks that participate in BDSP and/or ICAP) to Osaic Institutions, a conflict of interest exists. A conflict of interest also arises because we earn more compensation from cash balances being swept to or maintained in the Sweep Program than if you purchase other investment funds or securities. The more client deposits held in BDSP, and the longer such deposits are held, the greater the compensation we, our clearing firms, and the third-party administrator receive. By investing through an advisory account, the compensation we receive from the BDSP or ICAP, as applicable, is in addition to the advisory fees that you pay. This means that we earn two layers of fees on the same cash balances in client advisory accounts with us. If we did not receive such compensation, which is in addition to advisory, transaction, servicing and other fees and compensation related to Program Accounts, such client fees (including advisory fees) would generally be higher. In addition, a conflict of interest arises as a result of the financial incentive for the Firm to recommend and offer a Sweep Program over which they have control of certain functions. Osaic Institutions has the ability to establish and change interest rates paid on Sweep Program balances, to select or change Program Banks that participate in the BDSP and ICAP, and to determine the tier levels (if applicable) at which interest rates are paid, all of which generates additional compensation for Osaic Institutions.

The Advisory Representative who makes investment recommendations for your Program Account does not receive any compensation from these payments or based on the selection of the sweep vehicle. The Firm maintains policies and procedures to ensure recommendations made to you are in your best interest. For more information about this service and benefits that we receive in connection with such deposits, please refer to the Sweep Program terms and conditions document, which you can request from your Advisory Representative.

Given the conflicts discussed above, each client should consider the importance of BDSP and ICAP to us when evaluating our total fees and compensation and deciding whether to utilize the BDSP and/or ICAP

### *Distribution Assistance*

For additional information on such distribution assistance, please refer to our [Indirect Compensation Disclosure](#) located at [osaic.com/disclosures](https://osaic.com/disclosures) or you may refer to the Fund's prospectus or your Advisory Representative for additional information related to such fees. In an effort to maintain a positive yield to a customer, a fund company may reduce or waive a portion or all of its internal management and/or distribution fees. Please consult the Fund's prospectus, or your Advisory Representative, for additional information on such fee waivers.

### *Section 31 SEC Transaction Fee*

In accordance with Section 31 of the Securities Exchange Act of 1934, self-regulatory organizations (SROs) — such as the Financial Industry Regulatory Authority (FINRA) and all of the national securities exchanges — must pay transaction fees to the Securities and Exchange Commission (SEC) based on the volume of securities that are sold on their markets ("Section 31 SEC Transaction Fee"). The Section 31 SEC Transaction Fee is designed to recover the costs incurred by the government, including the SEC, for supervising and regulating the securities markets and securities professionals. The SROs have adopted rules that require their broker-dealer members to pay a share of these fees. Broker-dealers, in turn, impose fees on their customers that provide the funds to pay the fees owed to their SROs.

Section 31 SEC Transaction Fees imposed on your Program Account are calculated as number of shares multiplied by price per share multiplied by a specified rate set by the SEC; a small fraction of a cent that will fluctuate periodically. The applicable fee will appear on your trade confirmation. To find the current rate for Section 31 transaction fees, please visit the Division of Market Regulation's Frequently Requested Documents webpage, and click on the most recent Fee Rate Advisory under "Section 31 Fees."

Neither the Firm, nor your Advisory Representative receive any portion of the Section 31 SEC Transaction Fee.

## Item 6 - Performance compensation and side-by-side management

Neither the Firm nor our Advisory Representatives accept performance-based fees (i.e. fees that are based on a share of capital gains or capital appreciation of the assets of a client). Nor does the Firm engage in side-by-side management (i.e. managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees).

# Item 7 - Types of clients and account requirements

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

Osaic Institutions does not have a minimum account size for majority of our programs, however, the AMP and UMA program may set minimums of \$10,000 and \$5,500, respectively. In addition, TPAM(s) that the client engages may set their own minimum.

# Item 8 - Methods of analysis, investment strategies and risk of loss

Each account's IAR will provide, on behalf of Osaic Institutions, the investment analyses and strategies for the account, to the extent of Osaic Institutions' responsibilities described in this Brochure, without prior consultation with Osaic Institutions. Osaic Institutions supervises the activities of its IARs but does not generally manage or make investment decisions or recommendations with respect to specific accounts. Below, we describe the methods of analysis and investment strategies generally used by IARs in formulating advice and managing accounts on behalf of Osaic Institutions. Each IAR, however, determines the methods of analysis and strategies to be used in advising and managing his or her accounts, which may differ from the methods of analysis, strategies, or advice of other IARs. Clients should be sure to understand the methods of analysis and investment strategies their IAR expects to use in advising them or managing their accounts.

## Methods of analysis

### Fundamental analysis

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

### Technical analysis

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

### Cyclical analysis

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

### Charting

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

## **Asset allocation**

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

## **Mutual fund and/or ETF analysis**

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

## **Risk for all forms of analysis**

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

## **Investment strategies**

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

### **Long-term purchases**

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

### **Short-term purchases**

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

### **Short sales**

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

during the time you have borrowed the security, and you must also pay the broker's commissions or other transaction costs to engage in the initial short sale and the repurchase of the security.

## **Risk of loss**

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

### **Market risks**

The prices of, and the income generated by, the common stocks, bonds, and other securities you own may decline in response to certain events taking place around the world. These risks include events directly involving the issuers; conditions affecting the general economy; overall market changes; local, regional, or global political, social, or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate, and commodity price fluctuations.

### **Business Risk**

This is the risk that the strength of the company you are buying a piece of ownership in (stock for example) or are loaning money to (a bond, for example) affects your potential returns. Your returns from the stock purchase or bond purchase are influenced by factors like the company going out of business, or going into bankruptcy, or having a viable and strong revenue stream from the products or services it sells that is not over-shadowed by expenses. If a company goes bankrupt and its assets are liquidated, common stockholders are the last in line to share in the proceeds.

### **Interest rate risks**

The prices of, and the income generated by, most debt and equity securities may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities generally will decline when interest rates rise and will increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, "call," or refinance a security before its stated maturity date, which may result in having to reinvest the proceeds in lower-yielding securities.

### **Credit risks**

Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.

### **Default Risk**

This is the risk that a bond or other fixed-income investment issuer is unable to pay the contractual interest or principal on the product in a timely manner or at all.

### **Risks of investing outside the U.S.**

Investments in securities issued by entities based outside the United States may be subject to the risks described above to a greater extent. Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks may be heightened in connection with investments in developing countries. Investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

### **Issuer-specific risk**

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

### **Investment company risk**

To the extent a client account invests in ETFs or other investment companies, its performance will be affected by the performance of those other investment companies. Investments in ETFs and other investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses. If a client account invests in other investment companies, the client account may receive distributions of taxable gains from portfolio

transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.

### **Concentration risk**

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

### **Sector risk**

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

### **Alternative strategy mutual funds**

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

### **Closed-end/interval funds**

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

### **Exchange-traded funds (ETFs)**

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

### **Structured products**

Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is

downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

## Real estate investment trust (REIT)

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

## Variable annuities

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

## Non-traded products

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

## Cryptocurrency Exchange Traded Products Exchange Traded Fund (ETF) and Exchange Traded Note (ETN)(ETP)

– A Cryptocurrency ETP, which may be structured as an Exchange Traded Fund (ETF) or Exchange Traded Note (ETN) F is a basket of cryptocurrency assets that tracks or approximates the price performance of one or more cryptocurrencies. An ETF trades on an exchange (open stock market). An ETN is a debt instrument that mimics the performance of an ETF but does not actually hold assets for the benefit of the client. Cryptocurrency ETFs and ETNs offer investors exposure to prices of underlying cryptocurrency instruments, without the investor owning the assets directly. All investments in ETPs involve risk of financial loss. This risk may be increased for spot bitcoin ETPs because of the high volatility of those crypto assets (meaning prices can fluctuate widely). Although spot bitcoin ETPs are intended to track the price of those crypto assets, the price of your ETP shares may deviate from the price of the crypto asset. This is due to, among other things, changing investor demand for the shares of the spot bitcoin and ether ETP, issues affecting the issuer of the spot ETP shares, or events affecting the crypto asset markets more generally. Spot crypto asset trading platforms are not registered with the SEC, may be acting without compliance with existing regulatory requirements, and may lack the oversight of other intermediaries that are registered. As a result, there is an enhanced potential for fraud and manipulation in the underlying market.

- Major risks: Price volatility, Cryptocurrency custody risk, Counterparty, Regulatory, Illicit uses, Decentralized network, Potential tracking error, Potential limitations on Liquidity, Manager, Market, (for ETN: Credit risk)

- **Special note about Cryptocurrency risks:**

Cryptocurrency is a digital asset. Digital assets include virtual currencies, crypto-currencies, and digital coins and tokens (“Digital Assets”). The investment characteristics of Digital Assets generally differ from those of traditional currencies, commodities or securities. Importantly, Digital Assets are not backed by a central bank or a national, supra-national or quasi-national organization, any hard assets, human capital, or other form of credit. Rather, Digital Assets are market-based: a Digital Asset’s value is determined by (and fluctuates often, according to) supply and demand factors, the number of merchants that accept it, and/or the value that various market participants place on it through their mutual agreement, barter or transactions.

**Price Volatility of Digital Assets**—A principal risk in trading Digital Assets is the rapid fluctuation of market price. High price volatility undermines Digital Assets’ role as a medium of exchange as consumers or retailers are much less likely to accept them as a form of payment. The value of client portfolios relates in part to the value of the Digital Assets held in the client portfolio and fluctuations in the price of Digital Assets could adversely affect the value of a client’s portfolio. There is no guarantee that a client will be able to achieve a better than average market price for Digital Assets or will purchase Digital Assets at the most favorable price available. The price of Digital Assets achieved by a client may be affected generally by a wide variety of complex and difficult to predict factors such as Digital Asset supply and demand; rewards and transaction fees for the recording of transactions on the blockchain; availability and access to Digital Asset service providers (such as payment processors), exchanges, miners or other Digital Asset users and market participants; perceived or actual Digital Asset network or Digital Asset security vulnerability; inflation levels; fiscal policy; interest rates; and political, natural and economic events.

**Digital Asset Service Providers**—Several companies and financial institutions provide services related to the buying, selling, payment processing and storing of virtual currency (i.e., banks, accountants, exchanges, digital wallet providers, and payment processors). However, there is no assurance that the virtual currency market, or the service providers necessary to accommodate it, will continue to support Digital Assets, continue in existence or grow. Further, there is no assurance that the availability of and access to virtual currency service providers will not be negatively affected by government regulation or supply and demand of Digital Assets. Accordingly, companies or financial institutions that currently support virtual currency may not do so in the future.

**Custody of Digital Assets**—Under the Advisers Act, SEC registered investment advisers are required to hold securities with “qualified custodians,” among other requirements. Certain Digital Assets may be deemed to be securities. Currently, many of the companies providing Digital Assets custodial services fall outside of the SEC’s definition of “qualified custodian”, and many long-standing, prominent qualified custodians do not provide custodial services for Digital Assets or otherwise provide such services only with respect to a limited number of actively traded Digital Assets. Accordingly, clients may use non-qualified custodians to hold all or a portion of their Digital Assets.

**Government Oversight of Digital Assets**—The regulatory schemes—both foreign and domestic—possibly Digital Assets or a Digital Asset network may not be fully developed and subject to change. It is possible that any jurisdiction may, in the near or distant future, adopt laws, regulations, policies or rules directly or indirectly affecting a Digital Asset network, generally, or restricting the right to acquire, own, hold, sell, convert, trade, or use Digital Assets, or to exchange Digital Assets for either fiat currency or other virtual currency. It is also possible that government authorities may take direct or indirect investigative or prosecutorial action related to, among other things, the use, ownership or transfer of Digital Assets, resulting in a change to its value or to the development of a Digital Asset network.

## **Margin accounts**

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

## **Pledging assets**

Clients should be aware that pledging assets in an account to secure a loan involves additional risks. The bank holding the loan may have the authority to liquidate all or part of the securities at any time without your prior notice in order to maintain required maintenance levels, or to call the loan at any time. As a practical matter, this may cause you to sell assets and realize losses in a declining market. These actions may interrupt your long-term investment goals and result in adverse tax consequences and additional fees to the bank. The returns on accounts or pledged assets may not cover the cost of loan interest and account fees and may dictate a more aggressive investment strategy to support the costs of borrowing. Before

pledging assets in an account, clients should carefully review the loan agreement, loan application and any forms required by the bank and any other forms and disclosures provided.

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

## **Cybersecurity Risk**

Osaic Institutions' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornados, floods, hurricanes and earthquakes. Although Osaic Institutions has implemented various measures to protect the confidentiality of its internal data and to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Osaic Institutions will likely have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Osaic Institutions' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to clients. Such a failure could harm Osaic Institutions' reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance. Osaic Institutions will seek to notify affected clients of any known cybersecurity incident that will likely pose substantial risk of exposing confidential personal data about such clients to unintended parties.

## **Risk of Environmental, Social and Governance Investing (“ESG”), Socially Responsible Investing (SRI) and Other Forms of Sustainable, Responsible, Impact and Religion-based Investing**

The risk that another party disagrees on differences in interpretations of what it means for a company to be an environmental and/or social impact investment. There are significant differences in interpretations of what it means for a company to be an environmental and/or social impact investment. There is a risk that issuers self-label an issuance Green (or Social, Sustainable, or any other type of impact-related adjective) without adhering to the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, or other commonly followed market guidance. There exists no binding third-party authority to certify all Green, Social, Sustainable, or other labeled issuance at this time. There is a similar risk when a third-party money manager or a portfolio manager labels their strategy as ESG, SRI or based on religious principles.

## **ESG and SRI Government Funding/Subsidy Risk**

The risk that the success of certain environmental and social impact investments depends on government funding, tax credits, or other public or private sector subsidies, which are not guaranteed over the life of the investment.

## **ESG/SRI/Impact Investment Return Risk**

The risk that environmental and/or social impact investments do not provide as favorable returns or protection of capital as other investments or are more concentrated in certain sectors than investments that do not have the intention of generating measurable social and environmental impact. This could cause ESG securities to generate lower returns than non-ESG securities.

## **ESG/SRI/Impact Investment Selection Return Risk**

The risk that there are lower financial returns as a result of taking into account the potential environmental and/or social impact when making decisions regarding the selection, management and disposal of investments, which means that a portfolio containing only such securities will generate lower returns than a portfolio of securities selected without regard to ESG/SRI/Impact investing criteria.

## **Foreign Investment Risk**

This is the risk of loss when investing in foreign countries. When you buy foreign investments, such as shares of companies in emerging markets, you face risks that do not exist in the United States (for example, the risk of nationalization).

## **Horizon Risk**

This is the risk that your investment time horizon may be shortened due to a foreseen or unforeseen event, thus requiring you to sell the investment(s) that you were expecting to hold for a longer term. If you must sell at a time when the markets are

down, you may lose money.

### **Inflation Risk**

Inflation risk, also called purchasing power risk, is the chance that the cash generated by an investment today won't be worth as much in the future. Changes in purchasing power due to inflation may cause inflation risk. There are investments that help minimize inflation risk.

### **Political and Government Risk**

This is the risk that the value of your investment will be affected by the introduction of new laws or regulations.

### **Regulatory Risk**

This is the risk that changes in law and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.

### **Reinvestment Risk**

This is the risk of loss from reinvesting principal or income at a lower interest rate.

## **Additional Risks of investing in TPAMs**

Allocations to TPAMs and investors in third-party investment funds (including registered funds and private funds) are subject to the following additional risks:

**Third-Party Aggressive Investment Technique Risk** – Managers and investment funds may use investment techniques and financial instruments that may be considered aggressive, including but not limited to investments in derivatives, such as futures contracts, options on futures contracts, securities and indices, forward contracts, swap agreements and similar instruments. Such techniques may also include taking short positions or using other techniques that are intended to provide inverse exposure to a particular market or other asset class, as well as leverage, which can expose a client's account to potentially dramatic changes (losses or gains). These techniques may expose a client to potentially dramatic changes (losses) in the value of its allocation to the manager and/or investment fund.

**Liquidity and Transferability** – Certain investment funds – for example, private funds and interval funds – offer their investors only limited liquidity and interests are generally not freely transferable. In addition to other liquidity restrictions, investments investment funds may offer liquidity at infrequent times (i.e., monthly, quarterly, annually or less frequently). Accordingly, investors in investment funds should understand that they may not be able to liquidate their investment in the event of an emergency or for any other reason.

**Possibility of Fraud and Other Misconduct** – When client assets are allocated to a manager or investment funds, the Firm does not have custody of the assets. Therefore, there is the risk that the manager or investment fund or its custodian could divert or abscond with those assets, fail to follow agreed upon investment strategies, provide false reports of operations, or engage in other misconduct. Moreover, there can be no assurances that all managers and investment funds will be operated in accordance with all applicable laws and that assets entrusted to manager or investment funds will be protected.

**Counterparty Risk** – The institutions (such as banks) and prime brokers with which a manager or investment fund does business, or to which securities have been entrusted for custodial purposes, could encounter financial difficulties. This could impair the operational capabilities or the capital position of a manager or create unanticipated trading risks.

When you are deciding whether to invest in a specific investment, make sure you obtain, review and discuss with your Advisory Representative the documentation related to the investment which outlines the details of the investment (i.e., prospectuses, annual reports and offering memorandums that discuss the structure of the investment, fees/costs, management, portfolio, restrictions, contributions, distributions, risks, etc.). The documentation should be provided by your Advisory Representative or can be obtained directly from the investment sponsor.

## **Item 9 - Disciplinary information**

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

In March of 2019, Osaic Institutions consented to an order by the Securities and Exchange Commission ("SEC") in connection with the SEC's Share Class Selection Disclosure Initiative (the "Initiative"). Pursuant to the Initiative, Osaic

Institutions self-reported to the SEC that it failed to adequately disclose conflicts of interest related to the sale of higher cost mutual fund share classes when lower cost share classes were available. Specifically, the SEC order found that Osaic Institutions placed clients in mutual fund share classes that charged 12b-1 fees when lower cost share classes may have been available. Pursuant to the order, Osaic Institutions agreed to a cease and desist, a censure, and to repay to clients all improperly disclosed fees along with prejudgment interest in the aggregate amount of \$978,698.85. Osaic Institutions also agreed to undertake a review and to correct all relevant disclosure documents concerning mutual fund share class selection and 12b-1 fees. Lastly, Osaic Institutions agreed to evaluate whether existing clients should be moved to an available lower cost share and to move clients as necessary. Consistent with the terms of the Initiative, the SEC did not impose penalties against Osaic Institutions.

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

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

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

## Item 10 - Other financial industry activities and affiliations

### Overview

This section contains information about our financial industry activities and affiliations. We provide information about the material relationships and arrangements we have with any related persons, including broker-dealers and investment advisers. We identify if any of these relationships or arrangements create a material conflict of interest with clients and discuss how we address these

conflicts. "Related Persons" are defined as entities that we control or control us or are under common control with us.

### Corporate structure

Osaic Institutions is a wholly owned subsidiary of Osaic Institutions Financial Holdings, Inc. ("OIFH").

On October 3, 2022, OIFH was acquired by Osaic Holdings, Inc. ("OHI"), which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners, LLC. The consortium of investors includes RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P. and The Berlinski 2006 Trust.

### Other industry affiliates

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

Osaic Institutions Financial Holdings, Inc. (OIFH) Holding Company	100% owned by Osaic Holdings, Inc.
Ladenburg Thalmann Asset Management Registered Investment Adviser	100% owned by Osaic Holdings, Inc.
Ladenburg Thalmann & Co., Inc. Broker-Dealer	100% owned by Osaic Holdings, Inc.
Highland Capital Brokerage Insurance Company	100% owned by Osaic Holdings, Inc.
Premier Trust, Inc. Trust Company	100% owned by Osaic Holdings, Inc.

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

Osaic, Inc. Holding Company	100% owned by Osaic Holdings, Inc.
Osaic Wealth, Inc. Registered Investment Adviser, Broker-Dealer	100% owned by Osaic, Inc.
Vision2020 Wealth Management Corp. Registered Investment Adviser	100% owned by Osaic, Inc.

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

Black Diamond Financial, LLC Registered Investment Adviser	100% owned by Black Diamond Financial Holdings, LLC
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## Broker-dealer and insurance products and services

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

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

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

compensation generated by Osaic Institutions on sales to the Subscribing Institutions' customers and others. The IARs are independent contractors of Osaic Institutions and are often employed by the Subscribing Institutions.

As a registered broker-dealer, Osaic Institutions has entered into a fully disclosed clearing agreements with the Custodians under which they provide clearing, custody and recordkeeping services for Osaic Institutions brokerage client accounts. In connection with these services and depending upon the type of investment advisory account, clients with Osaic Institutions brokerage accounts may incur a number of different charges and fees. These include ticket charges, ACAT fees, confirmation fees, IRA maintenance fees, margin interest, inactive account fees, account termination fees and paper statement fees. These custodians share a portion of some of these fees with Osaic Institutions.

Osaic Institutions is also licensed as an insurance agency in each of the states in which it does insurance business and offers insurance and insurance-related products and services in those states. IARs may also be licensed as insurance producers with Osaic Institutions and appointed as agents with various national insurance companies. As licensed producers, these individuals are able to recommend and sell life, accident, health, and variable annuity and variable life insurance products. Recommendations for these products may be made to Osaic Institutions financial planning, consulting, or other clients and any transactions effected for these clients would be for separate and typical compensation unless otherwise agreed by the client. These transactions typically occur outside of Osaic Institutions' investment advisory and asset management programs. It is expected that Osaic Institutions and its executive officers will spend more than fifty percent of their time on brokerage and related activities, and less than fifty percent of their time on matters related to investment advisory services.

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

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

## **Business operations with affiliates**

Some of our business operations involve directing clients to products or services of our Related Persons. In that case we or our Related Persons can receive compensation when doing so which results in a conflict of interest. Your IAR, however, does not receive a portion of the compensation paid to us or our Related Persons and therefore does not have a conflict of interest in recommending the use of one of our affiliated companies. As a result of the fact your IAR is not compensated for directing you to products or services offered by our Related Persons, we believe that Osaic Institutions' conflict of interest is mitigated. Osaic Institutions maintains policies and procedures to ensure recommendations made to you are in your best interest. Clients are not obligated to use or engage any of the affiliates below.

Osaic Institutions or its IARs may direct you to the following:

### ***Highland Capital Brokerage (Highland)***

Highland is an independent insurance brokerage firm that distributes fixed and variable life insurance, disability insurance, fixed and indexed annuities, and long-term care solutions to financial professional and their clients. Some employees of Highland are also registered with our broker-dealer affiliates. IARs receive indirect compensation in the form of rebated

fees when recommending and selling Highland products to you. This is a conflict of interest as Advisory Representatives have an incentive to recommend and sell these products to you.

### ***Premier Trust***

Premier Trust is a Nevada chartered trust company that provides trust, estate planning and administrative services. When making any recommendation, IARs first consider whether Premier Trust can adequately service client needs and whether any other efficiencies or benefits will result to the client. When used, Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

### ***Ladenburg Thalmann & Co. Inc. (LTCO)***

LTCO is a registered broker-dealer. Your IAR can also recommend clients invest in securities issued in an initial public (“new issue”) and secondary offering for which LTCO acts as a manager, an underwriter and/ or a member of the selling syndicate. Osaic Institutions can also act as a member of the selling syndicate. We have a conflict of interest when recommending these securities because:

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

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

### ***Ladenburg Thalmann Asset Management, Inc. (LTAM)***

LTAM is an SEC registered investment adviser specializing in investment management, market analysis, due diligence, fund selection, asset allocation and diversification strategies. LTAM sponsored programs and their characteristics are more fully described in its disclosure brochures, which are available to any client or prospective client upon request. LTAM offers the Ladenburg Funds (i.e., Ladenburg Income Fund, Ladenburg Income & Growth Fund, Ladenburg Growth & Income Fund, Ladenburg Growth and Ladenburg Aggressive Growth), each of which is an open-end fund; as well as the Total Portfolio Series funds (Collective Investment Trusts) established for retirement plans. Our IARs can recommend clients invest in these funds as well as other Ladenburg portfolios. Transactions within these funds are executed through LTCO, which receives no commissions when executing trades on behalf of the Funds.

LTAM operates \$ymbil®, an online, interactive tool designed to assist clients in selecting among the five Ladenburg Funds by using a questionnaire to gauge a client’s time horizon, risk tolerance and investment objectives. A client investment profile is created from the responses to this online questionnaire. LTAM has no discretion over a client’s investments. Our IARs can recommend clients use \$ymbil, and if clients implement transactions using \$ymbil, both Osaic Institutions and our IARs receive promoter fees.

LTAM offers the Qui(k) program. LTAM serves as the ERISA Section 3(38) investment fiduciary for the plans associated with this program. LTAM has entered into an agreement to provide 3(38) investment fiduciary services to TRG Fiduciary Services, LLC (TRGF). TRGF is the Pooled Plan Provider (PPP) for the Qui(k) platform, TRGF’s Pooled Employer Plan (PEP). LTAM, as well as the other Qui(k) platform service providers, are engaged by TRGF in their capacity as the PPP named fiduciary and PEP plan sponsor. Certain collective investment trusts (“CITs”) managed by LTAM are available as investment options in Qui(k). However, LTAM utilizes a share class that does not pay a fee to LTAM for management of the CIT assets. Employers who participate in Qui(k) will sign a separate agreement engaging TRGF as the PPP. TRGF, LTAM, and Osaic Institutions do not engage in any revenue sharing as a result of this relationship. The specific manner in which fees are charged is established for a client in the client’s written investment advisory agreement. IARs are not acting as a fiduciary for purposes of ERISA when recommending employer participation in Qui(k) versus the other programs or options.

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

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

## Investnet Asset Management Inc. ("Investnet")

Reverence Capital Partners manages the private investment funds that indirectly own a majority of Osaic Holdings, Inc., which in turn owns the Firm, as well as private investment funds that hold a minority investment in Investnet Asset Management, Inc. ("Investnet"). In addition, select management and Financial Advisors own less than 0.5%, indirectly through a Reverence Capital Partners-controlled entity, in Investnet. As a result, the Firm and Financial Advisors in particular, have an incentive to offer and recommend to you programs that use Investnet's services (for additional information, please refer to the description of the Vision2020 Wealth Management Platform below). The Firm has procedures designed to mitigate this conflict.

## *CAIS Alternative Investments Platform*

As described above, Osaic Institutions is a subsidiary of Osaic Wealth Holdings, Inc., which is ultimately owned by a number of private investment funds organized and sponsored by Reverence Capital Partners. In addition to its ownership of Osaic Wealth Holdings, Inc., private investment funds organized and sponsored by Reverence Capital Partners, directly or indirectly, own (whether through majority or minority interest) other investment advisers and securities and financial services firms. One of such firms is Capital Integration Systems LLC ("CAIS"), which, as disclosed in Item 4, together with its affiliates provides the alternative investments platform to Osaic Institutions' clients. This ownership entitles Reverence Capital Partners to appoint a member to the board of directors of CAIS and certain committees thereof and otherwise grants the Reverence Capital Partners certain consent and veto rights over actions taken by CAIS and its affiliates. In addition, our agreement with CAIS provides for a payment to us of up to 10 basis points (.10%) on the sale amount of alternative investment products sold through the CAIS platform. Osaic Institutions has therefore an incentive to recommend alternative investments on the CAIS platform to you, which is a conflict of interest. However, your Advisory Representative does not receive any portion of this compensation.

## Board of directors

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

## Referrals to other investment advisers

Osaic Institutions offers clients access to professional TPAMs that create and implement portfolios with a variety of investment strategies. LTAM is among the TPAMs that can be recommended to clients. Osaic Institutions has a conflict of interest when recommending LTAM to clients. IARs receive compensation that varies depending on the TPAM recommended. Osaic Institutions earns more total compensation when a client selects LTAM as a TPAM than we would earn if the client selects certain other unaffiliated TPAMs. Thus, our IARs have a conflict of interest because of an incentive to recommend certain managers over others. We address these conflicts of interest through policies and procedures that, among other things, require IARs to make suitable recommendations, to act as a fiduciary to clients, and to act solely in clients' best interests. Moreover, clients are not required to accept any recommendation of TPAMs given by Osaic Institutions and have the option to receive investment advice through other TPAM of their choosing. Please refer to Item 4 for information about our recommendations of TPAMs (including wrap fee programs) and the conflicts of interest we have in recommending these programs.

## Outside Business Activities

Since registered representatives are independent contractors of Osaic Institutions, they have the ability to engage in certain other business activities separate from the activities they conduct through Osaic Institutions. Some of our affiliated registered representatives are permitted to be employed by, or own, a financial services business entity, including an investment adviser business, separate from Osaic Institutions. Clients should be aware that these situations can exist and can include such activities include tax preparation, insurance, and/or real estate services. When your IAR engages in these certain other business activities (other than the provision of brokerage and advisory services through us), they could receive

greater compensation through outside business activities.

## Item 11 - Code of ethics, interest in transactions and personal trading

### Code of ethics and personal trading

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

### Participation or interest in client transactions

As part of financial planning and consulting services, an IAR may or may not provide recommendations as to investment products or securities. To the extent that IAR recommends that client invest in products and services that will result in compensation being paid to Osaic Institutions and the IAR, this presents a conflict of interest. The compensation to the IAR and Osaic Institutions may be more or less depending on the product or service that the IAR recommends. Therefore, the IAR has a financial incentive to recommend that a financial plan or consulting advice be implemented using a certain product or service over another product or service.

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

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

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

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

## Item 12 - Brokerage practices

Although we may utilize other broker-dealers and account custodians to service your advisory account, Osaic Institutions, in its capacity as a broker-dealer and member of FINRA, will be the primary broker-dealer through which securities transactions in the asset allocation and wrap fee programs will be processed. Clients who want to participate in Osaic

Institutions' asset allocation and wrap fee programs are required to utilize Osaic Institutions for these purposes. Osaic Institutions clients who utilize Osaic Institutions' financial planning and consulting services, plan advisory services or solicitation services are not required to utilize Osaic Institutions as the broker-dealer. Clients should understand that Osaic Institutions and its IARs have a conflict of interest with respect to transactions effected through Osaic Institutions.

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

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

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

## Item 13 - Review of accounts

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

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by the Client's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs. Osaic Institutions may also send periodic or other event-inspired reports based on market or portfolio activity. Reports will generally be provided in electronic format.

## Item 14 - Client referrals and other compensation

### Client referrals

As described in Item 10, Osaic Institutions has entered into agreements with various Subscribing Institutions, pursuant to which the IARs may solicit applications from, negotiate with, and sell or offer investment services and products to customers of the Subscribing Institutions during the term of the agreement. Employees of the Subscribing Institutions may refer customers to Osaic Institutions and the Subscribing Institutions may pay them a referral fee under the guidelines of SEC Regulation R. The investment services and products marketed to the customers of Subscribing Institutions are offered and sold exclusively by IARs contracted by Osaic Institutions, who are licensed with the appropriate regulatory authorities pursuant to the applicable state and federal insurance and securities laws and regulations. The Subscribing Institution is compensated by Osaic Institutions in connection with the sales of all securities, insurance products and advisory fees.

This referral compensation varies, but in situations where the financial professional is employed by the financial institution, the financial institution typically receives 80% to 95% of the investment advisory fees earned on such services. This range is lower in situations where the financial professional is not an employee of the financial institution, typically between 20% and 50% of the advisory fees. This referral arrangement does not result in any increase in the fees you pay to Osaic Institutions. The financial institution is paid directly by Osaic Institutions for the referral. The Subscribing Institution then shares a portion of the compensation with the IAR. The Subscribing Institution establishes the compensation plan for the IAR, which is subject to approval by Osaic Institutions. The compensation plan determines how the IAR's compensation is structured and the amount of compensation the IAR will receive. IARs have a financial incentive to recommend a particular service or product if under the compensation plan the recommended product will result in more compensation to the IAR than another product or service, including advisory versus brokerage services. If an IAR is recommending an advisory program or service, he or she must believe that the program or service is suitable and in the best interests of the client.

In addition, Osaic Institutions provides other forms of compensation to Subscribing Institutions, such as bonuses, awards or other things of value offered by Osaic Institutions to the institution. In particular, Osaic Institutions pays financial institutions in different ways, including payments based on production, payments in the form of repayable or forgivable loans, payments in connection with the transition of association from another broker-dealer or investment adviser firm to Osaic Institutions, advances of advisory fees, or attendance at Osaic Institutions' national conference or top producer forums and events. Osaic Institutions pays this compensation based on overall business production and/or on the amount of assets serviced in Osaic Institutions advisory programs. Subscribing Institutions are also eligible to receive compensation from Osaic Institutions in order to assist with offsetting time and expense in coordinating transfers of client accounts from third-party investment platforms to Osaic Institutions' platform. As a result, the Subscribing Institution and IAR have a conflict of interest and financial incentive for the IAR to recommend the program account and services that will result in the greatest compensation to the Subscribing Institution and the IAR. If Osaic Institutions makes a loan to a new or existing Subscribing Institution, there is also a conflict of interest because Osaic Institutions' interest in collecting on the loan affects its ability to objectively supervise an IAR at that Subscribing Institution. In addition, Subscribing Institution employees who are not associated with Osaic Institutions often refer prospective customers to IARs working in the Subscribing Institution. These employees frequently receive a nominal referral fee from the Subscribing Institution (typically up to \$25) as compensation for each referral.

## Referrals to other investment advisers

Clients placed with TPAM's to which Osaic Institutions solicits on behalf of will be billed in accordance with that TPAM's fee schedule, which will be disclosed to the Client prior to signing an agreement. When referring Clients to a TPAM, the Client's best interest will be the main determining factor of Osaic Institutions. All TPAMs that Osaic Institutions recommends must be a Registered Investment Advisors with the SEC or with the appropriate state authority(ies).

These practices represent conflicts of interest because Osaic Institutions is paid a Solicitor Fee for recommending the TPAM and may choose to recommend a particular TPAM based on the fee Osaic Institutions is to receive. This conflict is mitigated by disclosures, procedures and Osaic Institutions' fiduciary obligation to act in the best interest of its Clients. Clients are not required to accept any recommendation given by Osaic Institutions and have the option to receive investment advice through TPAMs of their choosing.

## Other compensation

As a broker-dealer, investment adviser and insurance producer, Osaic Institutions offers a large number of products to our customers. It is important to know that a number of companies whose products are offered through Osaic Institutions pay extra compensation to Osaic Institutions. These companies, referred to as "Product Partners", include mutual fund companies, insurance carriers, issuers of structured products and issuers of non-traded real estate investment trusts. Product Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Product Partners have more opportunities than other companies to market and educate our IARs on investments and the products they offer. The amount of compensation paid to Osaic Institutions varies by Product Partner. In general, Product Partners may compensate Osaic Institutions by paying (i) a fixed dollar amount or paying a sponsorship fee for an Osaic Institutions event, (ii) a percentage of product sales, (iii) a percentage of customer assets invested in the products, or (iv) a combination of the above. Product Partners pay Osaic Institutions differing amounts of revenue sharing, for which the Product Partner receives different benefits.

In addition, Osaic Institutions employees and IARs receive compensation in the form of gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with the IAR, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective

clients. Clients of Osaic Institutions do not pay more to purchase the products of Product Partners through Osaic Institutions. This additional compensation to Osaic Institutions creates a conflict and incentive for Osaic Institutions and its IARs to promote Product Partner products over other products. Osaic Institutions manages this conflict by not sharing the identity of the Product Partners with its IARs. Likewise, IARs do not receive additional compensation for selling a Product Partner product, although the IAR may benefit indirectly when Product Partner payments are used to support costs relating to review, marketing and training.

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

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

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

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

## **IAR compensation**

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

- payments based on production
- payments in connection with the transition of association from another broker-dealer or investment adviser firm to Osaic Institutions
- payments in the form of repayable or forgivable loans
- advances of advisory fees
- reduction or elimination of certain costs or expenses otherwise payable by the IAR
- attendance at Osaic Institutions conferences and events.

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

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

## **Networking Arrangements**

There is an option for Osaic Institutions and its Advisory Representatives to offer advisory services on the premises of unaffiliated financial institutions, like banks or credit unions. In such a case, Osaic Institutions will enter into networking agreements with financial institutions pursuant to which we share compensation, including a portion of the advisory fee, with the financial institution for the use of the financial institution's facilities and for client referrals.

## **Recruiting and Transition Assistance**

To assist in the costs of transitioning from another investment adviser, we provide various benefits and/ or payments to certain Advisory Representatives that are newly associated with Osaic Institutions. The proceeds of the transition assistance payments are intended to be used for a variety of purposes, including but not limited to, providing working capital to assist in funding the Advisory Representative's business, satisfying outstanding debt owed to the Advisory Representative's previous firm, technology set-up fees, marketing and mailing costs, stationery and licensure transfer fees, moving expenses, office space expenses, and staffing support. The amount of the transition assistance is generally based on the size of the Advisory Representative's business established at his or her prior firm. This assistance is generally in the form of loans to the Advisory Representative and are forgiven based on the years of service with Osaic Institutions.

The receipt of the recruiting/transition assistance creates a conflict in that the Advisory Representative has a financial incentive to recommend a client to open and maintain an account with Osaic Institutions.

## **Top Producer Opportunities**

Osaic Institutions offers additional educational, training, marketing and home office support services and events for those Advisory Representatives that meet overall revenue production goals. While these goals are not specific to any type of product or service offered, a conflict of interest exists because these opportunities provide a financial incentive for Advisory Representatives to recommend investment products and advisory services in general.

## **Advisor Appreciation Program**

Osaic Institutions provides the following compensation and ownership opportunities to certain Advisory Representatives:

- The Custodial Net New Asset Program – We will make additional annual payments to Subscribing Institutions and Advisory Representatives of approximately 35 basis points (0.35%) on average on all new assets added to our customer accounts custodied with Pershing and NFS. The payment depends on a number of factors. Your Advisory Representative may receive a higher payment. Please reach out to your Advisory Representative for information about this conflict. The Custodial Net New Asset Program provides an incentive for your Advisory Representative to select the Pershing and NFS custodial location for your brokerage accounts because compensation is paid to the Subscribing Institution and/or the Advisory Representative (rather than a custodial location at an investment sponsor which would not result in additional compensation).
- The Referral Rewards Program – Subject to certain qualifications and restrictions, the Firm will make payments to the

Subscribing Institution or affiliated Financial Professionals for referrals of unaffiliated Institutions or Financial Professionals. For each qualified referred Institution or Financial Professional which affiliates with the Firm, the referring Subscribing Institution or Financial Professional will receive up to 3% of the referred Institution's or Financial Professional's trailing 12-month production and up to 3% of the referred Institution's or Financial Professional's first 12 months of production. The Firm is responsible for these payments and the payments to the Subscribing Institution or the Financial Professional are not a portion of the fees and/or commissions you pay. A Subscribing Institution's or your Financial Professional's status as a referring Subscribing Institution or Financial Professional is not a conflict to you because if referring, the referred Subscribing Institution's or Financial Professional's production is unrelated to your account. The Subscribing Institution's or your Financial Professional's status as a referred Institution or Financial Professional is not a conflict to you, because The Subscribing Institution's or your Financial Professional is not compensated specifically for being part of the Referral Reward.

## Loans

Osaic Institutions provides loans to certain Advisory Representatives as an incentive to establish, maintain, or expand their brokerage and advisory relationships. The repayments of such loans are typically dependent on the financial professional retaining affiliation with Osaic Institutions through the end of the loan period. These loans create a conflict of interest for the financial professional to retain affiliation with Osaic Institutions in order to avoid repayment of the loan. Please note the forgivable notes referenced in the section above on Advisor Appreciation Programs.

## Indirect Compensation and Revenue Sharing

### *Strategic Partners*

In addition to commissions or asset-based fees, Osaic Institutions receives compensation ("revenue sharing payments") from the below categories:

- Packaged Products: certain mutual funds, exchange traded funds (ETFs), variable insurance products, fixed insurance products, direct participation programs, alternative investments, and unit investment trusts (UITs)
- Retirement Plan Partners: third-party firms, including plan recordkeeping platforms as well as investment managers of mutual funds and the issuers of annuities
- TPAMs: certain third-party money managers offered through accounts custodied away from the Broker- Dealer
- Collateralized Lending Partners: certain banking institutions that collateralize certain investment accounts to obtain secured loans

The above categories are hereinafter referred to as ("Strategic Partner" or "Strategic Partners"). Strategic Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Strategic Partners have more opportunities than other companies to market and educate our Advisory Representatives on investments and the products they offer. Revenue sharing payments are typically calculated as a fixed fee, as an annual percentage of the amount of assets held by customers, or as a percentage of annual new sales, or as a combination. Strategic Partners pay differing amounts of revenue sharing, for which the Strategic Partner receives different benefits. You do not pay more to purchase Strategic Partner investment products than you would pay to purchase those products through another broker- dealer. Additionally, revenue-sharing payments received are not paid to or directed to your Advisory Representative. Nevertheless, a conflict of interest exists, in that Osaic Institutions is paid more if you purchase a Strategic Partner product, and your Advisory Representative indirectly benefits from Strategic Partner payments when the money is used to support costs of product review, marketing or training. This conflict of interest is mitigated by the fact that your Advisory Representative does not receive any additional compensation for selling Strategic Partner products, and that Osaic Institutions maintains policies and procedures to ensure recommendations are in your best interest.

Osaic Institutions will update information regarding Strategic Partners who participate in revenue sharing arrangements with Osaic Institutions on its website on a regular basis. For additional information, including specifics on the revenue share amounts, please refer to our [Indirect Compensation Disclosure](#) located at [osaic.com/disclosures](https://osaic.com/disclosures). From time to time, Osaic Institutions also receives revenue sharing payments from companies that are not Strategic Partners, generally to cover meetings expenses.

## *Clearing & Custodial Firms*

The Custodians provide significant compensation to Osaic Institutions in their capacity as introducing broker/dealer to offset its general operating expenses based on the number of accounts and/or account assets held by Osaic Institutions. Compensation received consists of a fixed dollar amount per account and percentage of net new assets and total assets held in clearing accounts at the clearing firms. The specific terms of this compensation differ between the Custodians. Due to the significant penalties Osaic Institutions would incur if Osaic Institutions terminated the contracts with the Custodians within the first several years of contract implementation, Osaic Institutions has an incentive to continue with the long-term contracts Osaic Institutions has in place with the Custodians. Our Advisory Representatives receive indirect compensation from Osaic Institutions for certain level of assets with Custodians. Thus, they are incentivized to recommend these Custodians to you over other options.

Certain custodian fees apply to your clearing accounts. In some instances, Osaic Institutions pays a portion of the fee charged. In some instances, Osaic Institutions applies a markup to these fees. Please see the Custodians Client Fee Disclosure brokerage fee schedules (website below) for details on all of these fees which identifies each specific item which Osaic Institutions mark-ups. Depending on the custodial fee, it is applied annually, per transaction, per month or per CUSIP. The above forms of compensation are in addition to advisory fees you pay to us. Osaic Institutions exercises no discretion, nor provides any advice or recommendation in the selection of the Custodian for any specific account or client. As a result, any difference in compensation to Osaic Institutions is based solely on the contracts with the Custodians and your Advisory Representative's election of a Custodian. Secondly, Advisory Representatives do not share in any compensation paid by the custodians to Osaic Institutions. As a result, Advisory Representatives have no financial conflict of interest in any recommendation of a Custodian to clients. Please refer to the [Client Fee Disclosure - Pershing Clearing](#) and [Client Fee Disclosure - NFS Clearing](#) located at [osaic.com/disclosures](https://osaic.com/disclosures) to find additional details regarding custodial fees. For more information regarding the above forms of compensation, please refer to our [Indirect Compensation Disclosure](#) located at [osaic.com/disclosures](https://osaic.com/disclosures).

## *Other Cash and Non-Cash Compensation*

In addition to reimbursement of training and educational meeting costs, Osaic Institutions and its Advisory Representatives may receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and Alternative Investment Products, as permitted by regulatory rules. Additionally, sales of any mutual funds, variable insurance products and Alternative Investment Products, whether or not they are those of Strategic Partners, can qualify Advisory Representatives for additional business support and for attendance at seminars, conferences and entertainment events. From time to time, non-Strategic Partners attend Firm sponsored meetings for a fee.

## Item 15 - Custody and account statements

Clients will receive account statements directly from your qualified custodian on at least a quarterly basis showing all transactions in the account during the reporting period. Please review any account statements produced by Osaic Institutions with the statements received by the qualified custodian. Any discrepancies should be reported promptly to our Compliance Department by email at [oi.compliance@osaic.com](mailto:oi.compliance@osaic.com) or by telephone at (203) 599-6000.

## Item 16 - Investment discretion

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

## Item 17 - Voting client securities

We require the client to retain responsibility for voting all account securities. We will not vote, exercise rights, make elections, or take other such actions with respect to securities held for accounts we manage. If desired, a client may instruct us in writing to forward to the client or a third-party materials we receive pertaining to proxy solicitations or similar matters.

Upon receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard account proxy and related materials.

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

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

## Item 18 - Financial information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Osaic Institutions' financial condition. Osaic Institutions has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. Nor do we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.