Securities America Advisors, Inc.
Firm Brochure
(Part 2A of Form ADV)

This Brochure provides information about the investment advisory services of Securities America Advisors, Inc. If you have any questions about the contents of this brochure, contact us at 800-747-6111. This Brochure has not been reviewed or approved by the U.S. Securities & Exchange Commission, any state regulatory agency or self-regulatory organization.

Additional information about Securities America Advisors, Inc. is available on the SEC's website at www.adviserinfo.sec.gov. Registration as a registered investment advisor does not imply a certain level of skill or training.

March 29, 2019

Securities America

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La Vista, NE 68128
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800-747-6111

March 29, 2019

ITEM 2. SUMMARY OF MATERIAL CHANGES

Securities America Advisors, Inc. filed its last annual amendment to its Form ADV Part 2A Brochure on March 29, 2018. On April 6, 2018, the SEC entered an order against SAA in connection with SAA's mutual fund share class selection practices. SAA cooperated with the SEC staff and undertook remedial measures. SAA made an offer of settlement that was accepted by the SEC, resulting in the SEC issuing an order in which SAA was instructed to cease and desist from committing or causing certain violations of the Investment Advisers Act of 1940. SAA was also censured and required to pay disgorgement, prejudgment interest and a monetary penalty. SAA neither admitted nor denied the SEC's findings.

On May 3, 2018, SAA updated its Form ADV Part 2A Disclosure Brochure to report the April 6, 2018, SEC Order. In June 2018, SAA provided all of its advisory clients with a summary describing the material change to Item 9 (disciplinary information). That summary included an offer to provide a free copy of the Form ADV Part 2A upon request. See Item 9 for additional information regarding this matter.

We may update this Brochure at any time. If we make any material changes relating to Item 9 (disciplinary information), we will provide you either (i) a copy of our Form ADV Part 2A that includes or is accompanied by a summary of material changes or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV Part 2A. We urge you to carefully review all subsequent summaries of material changes as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest and disciplinary history.

To receive a complete copy of our Brochure at no charge, please visit our website at www.securitiesamerica.com or contact us at 800-747-6111.

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ITEM 4. ADVISORY BUSINESS

Ownership

Securities America Advisors, Inc. (SAA) and Securities America, Inc. (SAI), an affiliated broker/dealer, are wholly-owned subsidiaries of Securities America Financial Corporation (SAFC). SAFC is a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. (LTFS). LTFS provides a diverse array of financial products and services through a number of subsidiaries and is listed on the NYSE Amex Exchange under the symbol LTS. LTFS has several other affiliates registered as investment advisors, an investment company, insurance broker, broker/dealers and a trust company. LTFS is a holding company primarily engaged in business through its subsidiaries.

Securities America Financial Corporation is also a majority owner of Arbor Point Advisors, LLC (APA). APA is an investment advisor firm registered with the Securities and Exchange Commission (SEC).

Firm Description

SAA is an investment advisor firm registered with the SEC since January 1994 and provides a variety of programs that can be used by it, its investment advisor representatives (SAA representatives) and independent registered investment advisor firms to provide investment advice to you. SAA representatives and investment advisor representatives affiliated with independent investment advisors (independent IA representatives) may also be registered representatives of Securities America, Inc. (SAI), a full-service broker/dealer, member FINRA and SIPC, and affiliated with SAA. References to "your representative" or "representative" refer to the SAA representative or independent IA representative providing services to you. References to "we," "our," "us" or "our firm" refer exclusively to SAA. Independent investment advisor firms that use our programs are generally registered as investment advisors with the SEC or with the state jurisdictions where they maintain a place of business in accordance with the regulations for each individual state jurisdiction. We are not affiliated as an investment advisor with the independent investment advisor firms.

Amount of Assets Managed By Our Firm

As of the fiscal year ending December 31, 2018, the amount of client assets we managed totaled $21,887,351,786. Of that total, $18,297,759,230 was managed on a discretionary basis and $3,589,592,556 was managed on a non-discretionary basis.

Types of Services Offered

We provide a diverse range of advisory programs and services that are described in greater detail below. Our investment advice can include investment supervisory services, which we define as giving you continuous advice or making investments for you based on your individual needs.

Once you've decided to establish an advisory account, you will need to complete certain account opening documents that provide information regarding the custodian's name, address and manner in which the funds or securities are maintained. If you wish to use our investment advisory services, you generally will sign a client services agreement describing the services provided to you. When possible, assets in our programs are invested primarily in low cost mutual funds and/or exchange traded funds, usually through clearing firms or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Clearing firms can charge a transaction fee when you buy funds. Stocks and bonds can be bought or sold through a brokerage account when appropriate. SAI, our broker/dealer affiliate, charges a fee for stock and bond trades. Charges for these products can be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. Refer to the section titled "Fees and Compensation" for more information.

We can provide advice on investments such as those listed below, although we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

- Equity securities (exchange-listed securities, securities traded over the counter and foreign issues)
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Investment company securities (mutual funds)
- Variable products (variable annuities, variable life insurance)
- U.S. government securities
- Options contracts on securities
- Exchange traded funds (ETFs)
- Real estate investment trusts (REITS)
- Real estate investments
- Limited partnerships and private placement partnerships in tax credit programs, cable and other miscellaneous direct participation programs

SAA and SAI conduct or hire third-party vendors to conduct due diligence analysis of the products listed above prior to making them available to the public. On our behalf, SAI has policies and procedures in place to review the issuers of financial products such as real estate investment trusts, structured notes and annuity and life insurance products. This review includes publicly available information and reports issued by third-party rating agencies and can, in some cases, include certain non-public information provided by the issuer. On our behalf, SAI periodically reassesses, but does not continuously monitor, the creditworthiness or financial solvency of third-party issuers. These policies and procedures are reasonably designed to limit your exposure to credit and default risks resulting from an inability of the issuers to repay the principal on a note or fulfill an insurance obligation. However, you should be advised that credit markets can be volatile and the creditworthiness of an issuer can change rapidly. SAA and SAI are prohibited by regulation from guaranteeing or providing any assurance that an issuer of financial products will be available to fulfill the issuer's obligation to any purchase of a product through SAI or SAA.

Wrap Fee Programs

Generally, SAA considers the Financial Advisors Program, Managed Opportunities Program and Participant Retirement Program to be wrap fee programs. In wrap programs, advisory services as well as transaction and other services are provided for one fee that is calculated based on the value of assets under management. Advisory services can include portfolio management or advice regarding selecting other investment advisors while other services can include, for example, brokerage, custody and performance review. We receive a portion of the wrap fee for the investment management services we provide. Our firm and the representatives do not manage wrap fee accounts differently from other programs. Refer to the section titled "Fees and Compensation" for additional information regarding fees assessed in our wrap programs. Additionally, refer to each program's wrap fee program brochure for additional information.

Advisory Programs

Financial Advisors Program

Your representative assists you with establishing your Financial Advisors Program account. The minimum opening account size is $25,000 unless otherwise negotiated between yourself, SAA and/or your representative.

Unless you elect to retain discretion on the account, the client services agreement gives your representative limited discretionary authority to buy and sell securities and investments based on your stated investment objectives. In no event will your representative, SAA or SAI be obligated to effect any transaction for you that they believe would be in violation of state or federal regulations or guidance. The signed authorization is a continuing one, remains in full force and effect and will be relied on until written notice of termination or change is received from you by your representative, SAA or SAI. Whether or not you grant limited discretionary authority to your representative, you must specifically grant SAA limited discretionary trading authority. The authority granted to SAA is solely so it can execute any transactions necessary in order to convert certain mutual fund holdings in your account to a lower-cost share class (whenever such share class is available).

Generally, brokerage transactions are processed by SAI, our affiliated broker/dealer, and cleared by National Financial Services, LLC (NFS) or Pershing, LLC (Pershing). SAI provides compensation to SAA to offset our administrative costs. SAA, SAI and your representative do not act as custodians for any Financial Advisors Program accounts. Generally, NFS, Pershing or another custodian maintains custody of funds and securities. You authorize us to deduct fees directly from your account to pay for our investment management services. In these cases, we are considered to have limited custody of your assets. SAA and SAI are also deemed to have limited custody based on certain transmittal policies. Refer to the section titled “Custody” for more information. Each custodian or investment provider we use for our investment management services is a qualified custodian and provides statements to you at least quarterly.

We have also entered into agreements with insurance companies that allow for managing and valuing your variable annuity accounts within the Financial Advisors Program. The insurance companies’ custodians maintain custody of all variable annuity accounts. In addition, fixed and fixed index annuities can be linked to your Financial Advisors Program account to assist in consolidating and uniformly reporting on your holdings. Any fixed annuity positions linked to your account are excluded from fee billing calculations as well as management and/or valuation services.

For information about the investment strategies employed in a Financial Advisors Program, refer to the section titled “Methods of Analysis, Investment Strategies and Risk of Loss.”

The Financial Advisors Program client agreement can be terminated by any of the parties by providing notice to the other parties, and termination is effective upon receiving the notice. In addition, closing the account will cause the client agreement to be terminated. However, if you elect to administratively reopen an account within 30 days of closing, the client agreement will remain in full force and effect.

If the client agreement is terminated, you are entitled to a prorated refund of any management fee or deposit not already earned by SAA or your representative. At your direction, SAA, SAI or your representative will advise the account custodian to deliver the funds and securities in accordance with your instructions. In the alternative, you can call Securities America at 1-800-747-6111 and request that the securities and funds in your account be liquidated. If the account is liquidated, once all transactions are settled then all proceeds are payable to you according to your distribution instructions. Subsequent transactions in a liquidated or closed account are subject to SAI’s normal brokerage rates. SAA and the custodian reserve the right to charge an account closing fee, except for clients in any state prohibiting an account closing fee. Refer to the New Account Application for details.

Terminating the client agreement does not affect the liabilities or obligations of the parties arising out of transactions initiated prior to termination.

Managed Opportunities Program

The Managed Opportunities Program allows you to establish an account using Fund Strategist Portfolios (FSP), Separate Account Portfolios (SMA), Unified Managed Account Portfolios (UMA), and Advisor Directed Portfolios (MOAD).

The FSP, SMA, and UMA Portfolios are developed by third-party money managers who are registered investment advisors (collectively referred to as sub-advisors). One or more of these sub-advisors are affiliated entities of SAA. Your representative acts in a referral capacity when referring you into FSP, SMA, and UMA portfolios.

Your representative can also use the MOAD option to design investment management and asset allocation portfolio(s) for you. When doing so, he or she is acting as the portfolio manager and not using sub-advisors.

Your representative assists you in establishing the Managed Opportunities Program account through a web-based platform. For accounts held at NFS, a master brokerage account (master account) can be established at your request for the administrative purpose of holding and transferring assets. When liquidating positions is required for investing proceeds into a Managed Opportunities portfolio, the liquidating transactions can occur in the master account.

Generally, NFS, Pershing or other custodians maintain custody of funds and securities. We are authorized to deduct fees directly from your accounts to pay for our investment management services. In these cases, we are deemed to have limited custody of your assets. SAA and SAI are also deemed to have limited custody based on certain transmittal policies. Refer to the section titled "Custody" for more information.

Administrative, website, performance reporting, transaction order entry and other services are provided to us by outside service providers and sub-advisors. You grant us discretionary authority to select one or more sub-advisors to provide those services to you and our firm. Envestnet Asset Management, Inc. (Envestnet) provides these sub-advisory services in the Managed Opportunities Program. Clients establishing Managed Opportunities Program accounts receive a copy of Envestnet's Disclosure Brochure in addition to our firm's Disclosure Brochure or Wrap Fee Brochure. SAA and Envestnet are separate, non-affiliated entities. Please also refer to the section titled "Step Out Trades" for additional information on Envestnet's wrap fee programs.

To establish Managed Opportunities Program accounts, you must provide relevant information requested by us in the New Account Application, although we may reasonably request other supporting documents and financial information. We provide services through the Managed Opportunities Program based solely upon information supplied by you. This information assists your representative in determining suitability of the accounts and in establishing appropriate investment objectives. An Investment Strategy Summary is generated from the Application, profile and suitability information provided by you. It summarizes recommended investment strategies and sets out the objectives and restrictions in the management of your account.

For information about the investment strategies employed in a Managed Opportunities Program portfolio, refer to the section titled "Methods of Analysis, Investment Strategies and Risk of Loss."

Description of Managed Opportunities Program Investment Strategy Options

Fund Strategist Account Portfolios

Sub-advisors provide us with mutual fund and exchange traded fund asset allocation model portfolios based on the information, research, asset allocation methodology and investment strategies of the sub-advisors. We can terminate existing sub-advisor service agreements and enter into new sub-advisor agreements at our discretion. Your initial FSPs are described in your Investment Strategy Summary.

Separate Account Portfolios

Sub-advisors provide us with access to a number of institutional separate account investment manager model portfolios of equity and/or fixed income securities. We can terminate existing sub-advisor agreements and enter into new sub-advisor agreements at our discretion. If a portion of the asset allocation does not meet a particular sub-advisor manager's account minimum, a mutual fund can be used in place of an individual portfolio manager. Your initial SMA Portfolios are described in your Investment Strategy Summary.

Unified Managed Account Portfolios

Sub-advisors provide us with access to UMA portfolios. These portfolios combine specialized institutional asset class managers, mutual funds and/or exchange traded funds. SAA serves as the overlay manager to manage separate account positions in a comprehensive asset allocation portfolio of securities in a single brokerage account. Your initial UMA portfolios are described on your Investment Strategy Summary.

Advisor Directed Portfolios

MOAD portfolios are managed by your representative based on the financial information and investment objectives you provide. Your representative designs one or more investment management and asset allocation portfolios for you. Your initial MOAD portfolios are described on your Investment Strategy Summary.

We have also entered into agreements with insurance companies that allow for managing and valuing your variable annuity accounts within MOAD portfolios. The insurance company custodians maintain custody of all variable annuity accounts. In addition, fixed and fixed index annuities can be linked to your Managed Opportunities Program account to assist in consolidating and uniformly reporting on your holdings. Any fixed annuity positions linked to your account are excluded from fee billing calculations as well as management and/or valuation services.

Your representative can choose to "bundle" related Managed Opportunities Program accounts to achieve a break on management fees.

Trading by third-party money managers can trigger wash sale rule implications. A wash sale occurs when a security is sold at a loss and then the same or substantially identical security is repurchased within a short time period. We do not necessarily manage accounts in the Managed Opportunities Programs in a manner to avoid wash sale implications. You are encouraged to consult with a tax advisor to discuss any tax implications involving your portfolios in these and in all advisory programs.

The Managed Opportunities Program client agreement can be terminated by any of the parties by providing notice to the other parties, and termination is effective upon receiving the notice. In addition, closing the account will cause the client agreement to be terminated. However, if you elect to administratively reopen an account within 30 days of closing then the client agreement will remain in full force and effect.

If the client agreement is terminated, you are entitled to a prorated refund of any management fee or deposit not already earned by SAA or your representative. At your direction, SAA, SAI or your representative will advise the account custodian to deliver the funds and securities in accordance with your instructions. In the alternative, you can call Securities America at 1-800-747-6111 and request that the securities and funds in your account be liquidated. If the account is liquidated, then once all transactions are settled all proceeds are payable to you according to your distribution instructions. Subsequent transactions in a liquidated or closed account are subject to SAI's normal brokerage rates. SAA and the custodian reserve the right to charge an account closing fee, except for clients in any state prohibiting an account closing fee. Refer to the New Account Application for details.

Terminating the client agreement does not affect the liabilities or obligations of the parties arising out of transactions initiated prior to termination.

Participant Retirement Program

Participants in an employer sponsored retirement plan (Plan) can retain SAA and its representatives (collectively, "advisor" or "us") to provide investment advisory services with respect to their tax-exempt retirement plan account assets serviced through the Participant Retirement Program.

Under the Participant Retirement Program, you elect to have SAA manage your contributions to the Plan, any contributions by your employer or Plan sponsor on your behalf and any other additions to the Plan on behalf of or attributable to you (collectively, Plan Assets). Through its representatives, SAA provides advice with respect to Plan Assets in your account only, including additions, substitutions and proceeds. SAA is not responsible for the actions or non-actions of predecessor investment advisors, managing any assets other than the Plan Assets allocated to your account or the administration of the Plan. In managing your account, SAA will, but is not required to, consider any other securities, cash or other investments owned by you.

You maintain the ability to impose reasonable restrictions on the management of your account, including the ability to instruct us to not purchase certain investments or securities. Your representative will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance, investment objectives, investment time horizon or restrictions you may wish to impose on the account.

At no time will SAA act as custodian of the Plan or have direct access to the Plan's funds and/or securities. Fidelity Institutional Wealth Services maintains custody of all Plan Assets in your account and will process the orders for securities transactions in your account in its broker/dealer capacity as your representative enters such orders.

The client agreement can be terminated at any time for any reason; however, services will continue until either party gives written notice of termination to the other party. Closing the account will cause the agreement to be terminated. Termination is effective upon receiving notice, although transactions in progress will be completed in the normal course of business. Terminating the agreement will not affect either party's liabilities or obligations arising out of transactions initiated prior to termination or the provisions regarding arbitration, all of which will survive any expiration or termination of the agreement.

Upon termination, you have the exclusive responsibility to monitor the securities in your account, and we will have no further obligation to act or provide investment services with respect to those assets. If you terminate the agreement within 5 business days of signing it, you will receive a full refund of all fees and expenses. If the agreement is terminated more than 5 days after its execution, any prepaid, unearned management fees will be calculated and promptly refunded based upon the number of days remaining in the billing period after the termination date.

Lockwood Programs

Lockwood Advisors Incorporated sponsors various wrap fee programs that your representative may recommend. These programs offer investors a variety of sub-advisors to select from and the sub-advisors then select investments for the programs.

The Private Investment Management Program (PIM) is a discretionary program where the advisor is the portfolio manager utilizing mutual funds, stocks, bonds, ETF, UITs and options in client accounts. The minimum amount required to establish and maintain an account is $50,000.

The Asset Advisor Program is a non-discretionary investment advisory program where the client ultimately makes the investment choice from among mutual funds, stocks, bonds, ETF, UITs and/or options. The minimum amount required to establish and maintain an account is $25,000.

Brokerage transactions in the Lockwood programs are processed by SAI, our affiliated broker/dealer, and cleared by Pershing. SAI provides compensation to SAA to offset our administrative costs. SAA, SAI and your representative do not act as custodians for Lockwood program accounts; Pershing maintains custody of funds and securities. You authorize us to deduct fees directly from your account to pay for investment management services. In these cases, we are considered to have limited custody of your assets. SAA and SAI will also be deemed to have limited custody based on certain transmittal policies. Please refer to the section titled "Custody" for more information. Please also refer to the section titled "Step Out Trades" for additional information on Lockwood's wrap fee programs.

Independent Managed Assets Program

Through the Independent Managed Assets Program (IMAP), SAA offers clients access to professional third-party money managers that create and implement model portfolios with a variety of investment strategies (e.g., asset allocation, market timing, portfolio management, etc.), securities (e.g., stocks, bonds, ETFs, mutual funds, derivatives, etc.) and risk levels. One or more of these third-party money managers are affiliated with SAA. IMAP money managers have differing minimum account requirements and a variety of fee ranges. Each manager's advisory services, fees and expenses, program termination and other information is set forth in their disclosure brochures, client agreements, account opening documents and applicable fund prospectuses. Your representative will assist you in opening an account and, when doing so, you will execute an agreement directly with the selected money manager.

Most third-party money managers assume limited discretionary authority over your account, meaning that the selected manager has the authority to purchase and sell securities in your account without contacting you first. Some third-party managers may allow you to impose restrictions on investing in specified securities or types of securities.

SAA, SAI and your representative do not act as custodian for any account held by a third-party money manager. Generally, an outside custodian maintains custody of all funds and securities. Each third-party manager maintains its own separate execution, clearing and custodial arrangements.

Your representative obtains financial data from you, such as annual income, net worth, risk tolerance, long-term goals and objectives, etc. When referring you to third-party money managers, your representative will act as either a solicitor or advisor/sub-advisor.

- When acting as a solicitor, your representative assists you in selecting one or more third party money managers believed suitable for you based on the gathered data and your financial situation. Neither SAA nor your representative provide advisory services relative to the selected third-party money manager's programs. The third party manager is responsible for assessing the suitability of their products for your investment objectives and risk profile.
- When acting as an advisor/sub-advisor, your representative provides you with portfolio management supervisory services jointly with the selected third-party money manager. When opening a new account, you will receive both our disclosure brochure and the third-party manager's disclosure brochure. Your representative will assist you in determining which model or portfolio strategy is appropriate for you. He or she will monitor the selected program's performance, investment selection and continued suitability for your portfolio and advise you accordingly regarding continued use of the selected model as well as the selected manager.

There will be conflicts of interest that could affect the independent judgment of SAA and your representative when recommending one third-party money manager over another. SAA and your representative receive compensation when they refer you to the money manager, which is usually a percentage of the advisory fee you pay to the selected manager. The amount of compensation received by our firm and your representative from a particular money manager could be higher than the compensation received from another money manager. This results in your representative having a financial incentive to recommend one money manager over another. There may be other suitable money managers that may be more or less costly. The agreement you execute with the selected money manager will typically authorize the manager to deduct fees from your account to pay for services and expenses.

No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

Trading by third-party money managers can trigger wash sale rule implications. A wash sale occurs when a security is sold at a loss and then the same or substantially identical security is repurchased within a short time period. The third-party money manager cannot necessarily manage accounts in IMAP in a manner to avoid wash sale implications. You are encouraged to consult with a tax advisor to discuss any tax implications involving your portfolios in these and in all advisory programs.

Retirement Opportunities Program

This program is no longer eligible for new client accounts; however, there are a limited number of legacy accounts grandfathered which continue to be serviced by some investment advisor representatives. Through the Retirement Opportunities Program, SAA and representatives provide investment advisory services to retirement plans.

Advisory Services

SAA offers a range of services that do not involve providing continuous advice to you, such as financial planning services and retirement plan advisory services. These services are described in greater detail below.

Financial Planning and Financial Planning Consultation Services

SAA and your representative will offer advice through the presentation of financial plans. Clients using these services can receive a written financial plan providing them with a financial blueprint designed to achieve their stated financial goals and objectives. Financial plans can be comprehensive or can focus only on specific areas of concern to you. In general, a financial plan can address any or all of the following areas of concern:

- Cash management
- Insurance coverage
- Death and disability planning
- Tax considerations
- Divorce planning
- College Planning
- Investment portfolio review
- Estate and retirement planning

SAA and your representative can also provide financial planning consultation services on specific areas of concern to you. These services can also include retirement plan consulting services provided to a plan sponsor or to individuals wanting advice on how their plan investments should be allocated. Additionally, SAA and your representative can provide financial planning services to business entities and groups requesting educational services and financial planning seminars or individual consulting and planning services for employees or members. If individual planning or consulting services are provided, each participating employee or member will be required to execute a separate agreement with us. These services will be advice-only services; SAA and your representative will not implement transactions on your behalf as part of these services.

If you want SAA or your representative to implement transactions on your behalf, you will need to contract with SAA and your representative for one or more of the management services described in this document. In the alternative, your representative can also be an SAI registered representative and, if so, you can engage him or her in this separate capacity to establish a brokerage account and implement transactions. A conflict can exist if your representative is a SAI registered representative and you choose to buy product(s) through him or her in this separate capacity. In this separate capacity, he or she can receive a commission on the product(s) sold in addition to the fees charged for financial planning and/or financial planning consultations. Your representative can recommend investments to you in which you will pay management fees and/or broker/dealer commissions if SAI processes the transaction.

You are under no obligation to act upon SAA's or your representative's recommendations, and you have sole discretion whether or not to implement any recommendations. If you elect to act on any of the recommendations, you are under no obligation to effect transactions through SAA or SAI.

When providing financial planning and financial planning consultation services, your representative gathers information through interviews concerning your current financial status, goals and objectives, risk tolerance and time horizon. We may also request that you complete a questionnaire and provide additional documentation. Depending on the level of services requested, your representative can prepare a written report. Implementing any recommendation may require you to work closely with your attorney, accountant and/or insurance agent. Your investment advisor representative can also provide advice on non-securities matters. Generally, this is in connection with rendering estate planning, college planning and insurance and/or annuity advice.

Some states will preclude your representative and SAA from receiving a financial planning fee for services customarily associated with soliciting insurance sales or servicing an insurance contract. Other states will permit your representative and SAA to receive an insurance financial planning fee and an insurance commission provided certain conditions are met, such as written disclosure about the services and compensation. Please consult with your representative if you have questions regarding which regulations govern you and your account.

Financial planning services may be terminated at any time upon written notice of either SAA's representative or the client. Upon termination, clients are entitled to a refund of all deposits not already earned. Clients may terminate services within 5 business days from the date of executing the agreement for services and receive a refund of no less than one-half of the retainer or any unearned portion of the retainer, whichever is greater. If clients do not receive SAA's written disclosure brochure at least 48 hours prior to executing the agreement for services, they have 5 days from the engagement date to cancel with a full refund of any fee or retainer.

Retirement Plan Advisory Services

Our representatives can provide qualified retirement plans with investment advisory services that can be either fiduciary and/or non-fiduciary in nature. Fiduciary services include plan review (e.g., design, operations, documentation and benchmarking plan expenses) and recommendations (regarding the investment policy statement, investment options and/or investment managers). Non-fiduciary services include participant education and communication. Services can be provided on a discretionary or non-discretionary basis.

For all services provided, the plan's named fiduciary retains decision-making authority and responsibility for the plan's investment policy statement, selecting and maintaining investment alternatives available under the plan and implementing any plan, advice or strategy provided by SAA and/or its representative.

Under the Retirement Plan Advisory Agreement, the plan sponsor authorizes and engages SAA and its representative to provide services to the plan. When providing these services, SAA and its representative can rely on information provided by independent third parties. These third parties are believed to be reliable but SAA and its representative have no obligation to independently verify the information provided by them. The named fiduciary acknowledges that SAA and its representative can rely on such third-party information while providing any requested services and will have no liability for the accuracy or consistency of such information or for any loss caused by such information. SAA and its representative can also rely on material and pertinent information provided by the named fiduciary about the plan, its participants and beneficiaries. The advisor has no obligation to verify the information provided by the named fiduciary and will have no liability for any loss caused by errors in such information.

Your representative can provide any of the following services as selected by the plan sponsor and named fiduciary:

<u>Fiduciary Services</u>

I. Non-Discretionary Advisory Services

(a) Plan Review (Design, Operations and Documentation). Your representative may:

- Recommend protocols to help the plan's named fiduciary establish a plan committee to prudently manage and administer the plan. The named fiduciary is solely responsible for implementing the committee's protocols and for appointing or removing committee members. However, the representative may train committee members regarding fiduciary duties and help coordinate regular meetings.
- Update the named fiduciary about current and proposed legislative initiatives.
- Provide fiduciary training as needed (upon request).

- Help with updates to existing procedures and provide recommendations regarding plan operation, documentation and establishing an audit file.
- Help develop requirements for responding to participant requests and reconciling participant disclosures under Section 404(a)(5) of the Employee Retirement Security Act of 1974 (ERISA).

(b) Benchmark Plan Expenses. Your representative may meet with the named fiduciary and conduct a periodic review of fees and costs charged to the plan by other service providers.

(c) Plan Investment Policy Statement. Along with the named fiduciary, your representative may review the investment objectives, risk tolerance and goals of the plan. If the plan does not have an investment policy statement (IPS), the representative may recommend investment policies to assist the named fiduciary in establishing an appropriate IPS. If the plan has an existing IPS, the representative may review it for consistency with the plan's objectives; if it does not represent the objectives, the representative may recommend revisions to establish investment policies consistent with plan objectives.

(d) Recommendations Regarding Investment Options and/or Investment Managers. The representative may provide the following services:

- Based on the plan's IPS or other established investment guidelines, the representative may review investment options available and make recommendations to the named fiduciary.
- Once the named fiduciary approves any model portfolios, default investment alternative(s) (DIAs) or qualified default investment alternative(s) (QDIAs), the representative may provide periodic reports, information and recommendations designed to assist in monitoring plan investments. If an investment must be removed due to IPS criteria, the representative may provide information and analyses to evaluate replacement investment alternatives for model portfolios. Upon reasonable request, the representative may also make recommendations to rebalance the model portfolios in order to maintain their desired allocations.
- Based on the IPS or other established guidelines, the representative can review potential investment managers and make recommendations for selecting one or more managers for the plan. Once the named fiduciary approves the investment manager, the representative may periodically provide reports, information and recommendations to assist in monitoring the managers. If a manager must be removed due to IPS criteria, the representative may provide information and analyses to evaluate replacement investment managers.

(e) Participant Investment Advice. In some legacy accounts, the representative may meet with participants at least annually and provide investment advice based on each individual's financial situation, investment situation and tax status. The representative will prepare recommendations regarding the appropriate amount of contributions and choice of investments, and the participant has sole discretion whether or not to implement those recommendations.

II. Discretionary Advisory Services

Discretionary Investment Manager. The plan trustee may appoint SAA and its representative as an "investment manager." To the extent SAA and its representative provide discretionary advisory services under the Retirement Plan Advisory Agreement, they acknowledge their status as "investment manager" for purposes of ERISA Section 3(38). SAA and its representative may maintain investment portfolio(s) on a discretionary basis, including investing, rebalancing assets, changing asset allocations or changing underlying model portfolios. The advisor and its representative will exercise this authority in accordance with the objectives set forth by the named fiduciary (as may be amended from time to time) and in accordance with any additional written guidelines and/or investment policies provided by the named fiduciary. SAA and its representative will communicate their decisions to the named fiduciary on a reasonable basis.

Non-Fiduciary Services

Participant Education and Communication. Your representative may provide educational and investment related information, materials and software as allowed by rule or regulation as long as the information does not constitute giving fiduciary investment advice. This can include:

- Conducting periodic group enrollment and education meetings with employees and educational meetings with plan participants and beneficiaries.
- Providing information and materials informing plan participants, employees or beneficiaries about the benefits of plan participation, the benefits of increasing contributions, the impact of pre-retirement withdrawals, the terms of the plan or operations of DIAs. The information provided can include interactive investment materials to assist with future retirement income needs and the impact of different asset allocations on retirement income.
- Providing retirement readiness consulting, which can include third party software to assess a "gap" analysis to determine sufficient retirement income.

Participant education can extend to analyzing plan expenses and fees. The representative will not render individualized investment advice to participants and will not be held to a fiduciary standard for the non-fiduciary services rendered.

Covered Service Provider Disclosures for ERISA Plans

As a covered service provider to ERISA plans, SAA and SAI will comply with the U.S. Department of Labor regulations on fee disclosures. SAI, SAA and your representative will disclose (i) direct compensation received from ERISA clients, (ii) indirect compensation received from third parties and (iii) transaction-based compensation (e.g., commissions) or other similar compensation shared with related parties servicing the ERISA plan. These fee disclosures will be made reasonably in advance of entering into, renewing or extending the advisory service agreement with the ERISA client.

In some instances, SAA and your representative will be providing certain services to the plan in a fiduciary capacity while providing other services that are not fiduciary in nature. The Retirement Plan Advisory Agreement executed between SAA and the plan will specifically state whether or not the representative is acting in a fiduciary capacity when providing the services. Schedule A of the Retirement Plan Advisory Agreement discloses the scope of services that are being provided to the plan. Such services are disclosed as “fiduciary” or “non-fiduciary.” “Fiduciary” services are further disclosed as either discretionary or non-discretionary.

Fees for retirement plan advisory services are charged on either an asset based or flat fee basis, although some legacy accounts can have advisory fees or level commissions charged instead. The Retirement Plan Advisory Agreement will disclose the fees to be charged, as well as other compensation received by SAA, your representative or their affiliates in connection with providing services to your plan or any other charges (e.g., transaction fee charges) applying to plan accounts.

Services can be terminated by the plan’s named fiduciary without penalty within 5 days of executing the Retirement Plan Advisory Agreement. After that, the Agreement can be terminated by SAA or the named fiduciary at any time with 60 days’ prior written notice. The Agreement will not terminate if it is assigned to a different representative.

Educational Seminars and Workshops

Our representatives may provide educational seminars and workshops covering various financial and investment topics. These seminars can be provided to the general public or to larger groups, such as corporations. No individualized advice is provided to participants. Seminars can be provided at no cost or a fee may be 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.

ITEM 5. FEES AND COMPENSATION

General Fee Information

Managed Accounts and Brokerage Accounts

In a managed account, your representative provides ongoing advice relative to personalized investments owned by you and charges a fee for that advice. Advisory fees charged in our management programs are separate and distinct from fees and expenses charged by mutual funds, exchange-traded funds, variable annuities or any other investment that can be recommended to you and held by you in your investment account. Descriptions of these fees and expenses are available in each investment prospectus. The ongoing fee for investment management services can cost you more than if the assets were held in a traditional brokerage account.

In a brokerage account, you are charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold strategy for the account or do not wish to receive ongoing investment advice or management services, you should consider opening a brokerage account rather than an advisory account. Fees charged in our programs can be more than the cost of purchasing the same services separately. You may be able to obtain similar services for a lesser fee from other advisors. The fees charged vary among our programs and our representatives.

Representatives can charge advisory fees and/or receive solicitor's fees for advisory class products that do not pay upfront commissions or ongoing trails, such as institutional mutual fund share classes and advisory share class variable annuities (see discussions below).

While SAA (or an entity on its behalf) has designed reasonable controls to monitor for the accuracy of advisory fees, we encourage you to check the accuracy of your advisory fee billings.

Commissions, Transaction Costs and Other Charges

In addition to an asset-based advisory fee, you can incur brokerage commissions, transaction charges and other fees, including "ticket charges," related to the purchase and sale of stocks, bonds and other securities. More specifically, stocks, bonds and other securities traded in advisory accounts can be subject to commissions, mark-ups and mark-downs. With respect to mark-ups and mark-downs, they are paid to market makers and neither SAA nor SAI receive any portion of the mark-ups or mark-downs.

Representatives will receive either an advisory fee or a commission but not both. Either the SAA representative will pay the commissions, transaction charges or other fees or you will pay those costs in addition to the management fee. However, commissions, transaction fees and other fees charged to you prior to the holdings being in an advisory account will not be waived or credited toward the investment management fee. Please contact your representative for more information about commissions and transaction charges.

Investment Assets

Annuities and Alternative Investments

Your representative can invest a portion of your assets in variable annuities or other investments and charge a management fee on these assets. Assets can also be invested in equity-indexed and fixed annuities, but these products are excluded from fee billing calculations. You will pay two levels of management fees: one directly to our firm and one indirectly to the managers of the variable annuities or other investments. In addition, your representative can manage variable annuity account(s) held by insurance company custodians even though those annuity accounts are not linked to an SAA advisory account. If annuity management service is provided, it is provided on a discretionary basis only and you can be subject to additional advisory fees. The underlying assets can be bought directly through the variable annuity company. You could generally avoid the second layer of fees by making your own decisions regarding the variable annuity investment. However, in that case, you would not receive the investment management services provided by your representative.

SAA will not impose an asset-based advisory fee on variable annuities and unit investment trusts that were subject to an up-front load or sales charge and sold by an SAI representative at the time of purchase. Any variable annuity that had an asset-based advisory fee prior to June 9, 2017, can continue to be charged. Variable annuities that were purchased with an advisory share class (e.g., I shares) can be linked for the purpose of collecting a management fee and/or exercising discretion. Please consult with your representative if you have any questions regarding this policy.

In addition, SAA will exclude the value of any investment it designates as an "alternative investment product" from an asset-based advisory fee if you purchased it in a commission-based account through a registered representative of SAI and then transferred it to an advisory account. (See discussion below regarding converting a commission account to an advisory account.) Alternative investments include, but are not limited to, venture capital, private equity, hedge fund, managed futures and real estate investment trust products. However, if an alternative investment product was purchased at net asset value (NAV) (in other words, purchased with no commission), then that alternative investment product can be subject to an asset-based advisory fee.

Funds

Your representative can also invest a portion of your assets in mutual funds or exchange-traded funds and charge a management fee on assets invested in these securities. Therefore, you will pay two levels of management fees: one directly to our firm and one indirectly to the managers of the mutual funds or exchange-traded funds held in your portfolios.

The underlying assets can be bought directly through the mutual fund company. You could generally avoid the second layer of fees by making your own decisions regarding the mutual fund or exchange-traded fund. However, in that case, you would not receive the investment management services provided by your representative. Representatives using third-party money managers for funds held directly with the product sponsor cannot receive an additional solicitor's fee if they received an upfront commission, ongoing trails or 12b-1 fees.

Share Classes

Mutual funds typically offer multiple share classes based upon certain eligibility and/or purchase requirements. The more commonly offered retail mutual funds share classes (e.g., Class A, B and C) have varying initial investment amounts, sales loads, 12b-1 fees and breakpoints to consider and can have a high expense ratio. However, mutual funds can also offer institutional or advisor share classes ("lower cost share classes") or other share classes that are designed for purchase in an investment advisory program account (e.g., Class I, "institutional," "investor," etc.). These lower cost share classes usually have a lower expense ratio than other share classes.

The decision whether to use higher or lower cost share classes is typically based on the anticipated level of trading activity in the selected mutual funds. Generally, holding higher cost classes for longer periods can result in higher underlying expenses to the client than if a lower cost share class with a transaction fee were chosen. When determining appropriate share classes for a client, our representatives will typically discuss the investment amount in the particular fund, the number of transactions anticipated in the fund, the client's preference for paying a transaction fee and the likely turnover of account assets based on the client's strategy. Please contact your representative for more information about share class eligibility.

SAA and its investment advisor representatives have a financial incentive to recommend or select share classes that have higher expense ratios because such classes generally result in higher compensation. This creates a conflict of interest. SAA has implemented policies and procedures to manage this conflict of interest, including those described in more detail below.

Conversion from Commission to Fee-Based Advisory Account

Representatives can recommend that products on which they previously received a commission be converted to a fee-based advisory account. This recommendation can be considered a conflict of interest, and we manage the conflict through written disclosure to you and by imposing reasonable controls designed to monitor for this activity. Mutual funds moved from a commission account to a fee-based advisory account will be converted to a lower-cost share class available and included on the Approved Product List (discussed below). Recently purchased A share mutual funds, however, cannot be transferred to fee-based accounts. Other commissionable products can be transferred in-kind to an advisory account (i.e., equities and exchange-traded-funds) but will have a look-back period, and recently received commissions will be reimbursed to the client. We do not allow the systematic conversion of recently purchased commission-based products to fee-based advisory accounts. "Recently purchased" is defined as a minimum of 90 days with a best practice of 12 months; this time can be extended back further to address the best interest standard.

Mutual Fund Approved Product List

To help mitigate conflicts of interest and meet current regulatory expectations, SAA has created an Approved Products List which it keeps updated on a regular basis. Mutual funds placed on the Approved Products List are chosen based on several factors, including expense ratio, availability and supervision practicality. SAA requires that all mutual fund purchases in advisory accounts be made in the share class specified for each fund on the Approved Products List. However, to the extent an advisory account includes mutual fund holdings not approved as to both fund and share class, those funds can continue to be held in that account but no new purchases are permitted. If any funds currently held in advisory accounts are on the Approved Products List but not held in an approved class, SAA will convert those holdings to an approved share class at no cost and without tax consequence (in most cases).

SAA uses its best efforts to include only the lowest-cost share class available to SAA's investors for each mutual fund on the Approved Products List. In some instances, a fund share class may not be included on the Approved Products List because it has a high or prohibitive minimum purchase requirement. Thus, a lower-cost fund share class may be offered by a fund family but not on the Approved Product List. Clients seeking to make such an investment should speak to their representative about the ability to purchase funds in share classes not on the Approved Products List through SAA granting an exception to its policy.

Even if a share class is included on the Approved Products List, clients should understand that, in many cases, the share class offered for a particular fund will not be the least expensive share class available from that fund. Also, other financial services firms may offer the same mutual fund at a lower overall cost to the investor than is available through SAA.

12b-1 Fees

If a representative received an upfront commission or is receiving ongoing trail commissions or 12b-1 fees, the representative cannot charge an additional advisory fee except as described above for variable annuities. SAA and your representative do not retain 12b-1 fees paid by funds for either qualified or non-qualified accounts.

As discussed above, SAA has implemented a policy requiring that IARs complete new purchases of mutual funds in advisor directed accounts at the lowest cost share class available to SAA's investors for each mutual fund on the Approved Products List. Further, SAA has implemented a policy requiring that 12b-1 trails be credited back to all existing advisory accounts (qualified and non-qualified) that hold positions in higher-fee share classes.

Program Fees

Fees for the Financial Advisor Program

We charge an annual management fee for investment management services through Financial Advisors Program accounts. Fees are negotiable based on the complexity of your financial situation, the investment services to be provided, the experience and standard fees charged by your representative and the nature and total dollar value of plan assets maintained in your account. The maximum annualized management fee your representative can charge you for FAP accounts is 3%, and the exact fee charged or fee schedule used is disclosed to you prior to services being provided. Your representative can choose to "bundle" related FAP accounts to achieve a break on management fees. When accounts are bundled, the total average daily balance or period ending balance for all bundled accounts is used to determine the fee percentage from the fee schedule. This percentage is then applied to each account and a fee is charged to each respectively.

Typically, management fees are automatically deducted from the FAP account according to an authorization provided in the client agreement. On an exception basis, you can have your management fees paid from other accounts or have us bill you directly by invoice.

For FAP accounts, SAA retains up to 25 basis points (.25%) of the representative's annualized management fee as compensation for providing administrative and support services. SAA and the representative will then split the balance of the annualized management fee by a pre-determined payout schedule. Account bundling does not reduce our administrative fee; each account is priced separately for purposes of our administrative fee. Representatives can receive a reduced administrative and support services fee based on total assets under management placed in the Financial Advisors Program, therefore creating a potential conflict of interest.

You can also be assessed ticket charges on account transactions and other miscellaneous charges by SAI, NFS or Pershing on account transactions. Miscellaneous charges can include custodial fees levied by the custodian. Account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds or exchange traded funds.

Management Fees for FAP Accounts Held at National Financial Services

Management fees for FAP accounts held at NFS are billed in advance with the exception of the initial fee. If the account is billed monthly, the initial fee is billed in arrears and prorated based on the number of days that services are provided during the first billing period. This initial fee is billed at the same time the first full period fee is billed in advance. If fees are billed quarterly, the account is charged its first fee in the first full month that the account contains assets. If the first month that the account contains assets is the first or second month of the calendar quarter, the fee is prorated for the partial quarter. If the first month that the account contains assets is the third month of the calendar quarter, the initial fee is billed in arrears and prorated based on the number of days that services were provided during the partial billing period. This initial fee is billed at the same time the first full period fee is billed in advance.

Fees are calculated at the beginning of each calendar billing period (monthly or quarterly) based on the average daily balance of the FAP account assets under management for the previous period. The assets are valued by an independent pricing service, where available, or by NFS in good faith, based on NFS's books and records. The market value of variable annuity accounts included in the management portfolio is included in the calculation of management fees. Fixed and fixed index annuity holdings linked to your FAP account are excluded from fee billing calculations as well as from management and/or valuation services. SAA might not receive daily account valuation information for variable annuities from the insurance companies or their custodians. In limited circumstances, management fees on certain variable annuity accounts can be based on the weekly or monthly average balance. You can pay more or less in management fees when the pricing is based on a weekly or monthly average balance compared to management fees charged when the pricing is based on the average daily balance. The average daily balance does not take into account unpriced securities or any days when accounts have a zero balance. When required, NFS sends you a brokerage account statement at the beginning of each billing period that includes a management fee notification. The management fee notification shows the average daily balance, how the fee was calculated, any adjustment to the fee and the net fee to be deducted later in the period from your core account investment vehicle within the account. You can also be assessed ticket charges and other miscellaneous charges by SAI and NFS on account transactions. Miscellaneous charges can include custodial fees levied by the custodian. Account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds, exchange traded funds or other investments.

The fee may be a flat fee, a linear fee (where the percentage fee is fixed based on the total assets in your account) or a tiered fee schedule (where the percentage-based fee is lowered as assets in your accounts increase). The exact fee charged or fee schedule used is disclosed to you prior to services being provided.

Management Fees for FAP Accounts Held at Pershing

Management fees for FAP accounts held at Pershing are billed in advance with the exception of the initial fee. If the account is billed monthly, the initial fee is billed in arrears and prorated based on the number of days services were provided during the first billing period. If fees are billed quarterly, the account is charged its first fee in the first full month that the account contains assets. If the first month that the account contains assets is the first or second month of the calendar quarter, the fee is prorated for the partial quarter. If the first month that the account contains assets is the third month of the calendar quarter, the initial fee is billed in arrears and prorated based on the number of days services were provided during the partial billing period.

Management fees for accounts held at Pershing are calculated at the beginning of each calendar billing period (monthly or quarterly) based on the value of account assets under management as of the close of business on the last business day of the preceding period. The assets are valued by an independent pricing service, where available, or by Pershing in good faith, based on Pershing's books and records. The market value of variable annuity accounts included in the management portfolio is included in the calculation of management fees. Fixed and fixed index annuity holdings linked to your FAP account are excluded from fee billing calculations as well as from management and/or valuation services. SAA might not receive daily account valuation information for variable annuities from the insurance companies or their custodians. In limited circumstances, management fees on certain variable annuity accounts can be based on the weekly or monthly average balance. You can pay more or less in management fees when the pricing is based on a weekly or monthly average balance compared to management fees charged when the pricing is based on the average daily balance. You can also be assessed ticket charges and other miscellaneous charges by SAI or Pershing on account transactions. Miscellaneous charges can include custodial fees levied by the custodian. Account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds, exchange traded funds or other investments.

The fee may be a flat fee, a linear fee (where the percentage fee is fixed based on the total assets in your account) or a tiered fee schedule (where the percentage-based fee is lowered as assets in your accounts increase). The exact fee charged or fee schedule used is disclosed to you in the fee schedule prior to services being provided

Fees for the Managed Opportunities Program

You pay an annual management fee based on a percentage of assets under management for all Managed Opportunities Program accounts. Fees are negotiated based on the complexity of your financial situation, the investment services to be provided, the experience and standard fees charged by your representative and the nature and total dollar value of the plan assets maintained in your account. The maximum annualized management fee that can be charged to you is 3%. The exact fee or fee schedule used will be disclosed prior to services being provided. The representative is paid a portion of the management fee for solicitations/referrals to FSP, SMA and UMA Portfolios.

You can make cash additions to your account at any time and can withdraw account assets upon notice to SAA and, if applicable, your representative. Assets in excess of a threshold amount (as such amount is determined from time to time by SAA or SAI) deposited into or withdrawn from the account by you can be charged or refunded a prorated portion of the management fee based on the number of days during the billing period that assets were held in the account.

We retain a portion of the representative's annualized management fee for management, administrative and support services we provide. Sub-advisors are compensated by us from our portion of these fees. We pay the balance of the annualized management fee to the representative; we also charge the representative a minimum administrative fee. Representatives can receive a reduced administrative and support services fee based on total assets under management, creating a potential conflict of interest. The total fees paid by you are disclosed in the Managed Opportunities Program Investment Strategy Summary.

You can also be assessed ticket charges and other miscellaneous charges by SAI, NFS or Pershing on account transactions. Account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds or exchange traded funds.

Management Fees for Managed Opportunities Program UMA Accounts

In the UMA Portfolios program, accounts are subject to an annual minimum account fee that depends on the specific UMA Program selected by you. The annual minimum account fee is disclosed on the Managed Opportunities client fee schedule. Imposing an annual minimum account fee on smaller accounts can result in an annual management fee greater than the stated maximum percentage.

Envestnet calculates management fees in UMA Portfolio accounts held at both NFS and Pershing. Fees are calculated at the beginning of each month based on the period ending balance (PEB) of your account assets under management for the previous month. Management fees are billed in advance with the exception of the initial fee. The initial fee is billed in arrears and prorated based on the number of days that services were provided during the first billing month. The initial fee is billed at the same time the first full month's fee is billed in advance.

Management Fees for Managed Opportunities Program Accounts Held at National Financial Services

Management fees are calculated monthly at the beginning of each month based on either the average daily balance (ADB) or the period ending balance (PEB) of your account assets under management for the previous month. Management fees are billed in advance with the exception of the initial fee. The initial fee is billed in arrears, prorated based on the number of days that services were provided during the first billing month. This initial fee is billed at the same time the first full month's fee is billed in advance.

For all Managed Opportunities Program portfolios except the UMA program, management fees are calculated at the beginning of each month based on the ADB of your account assets under management for the previous period. The ADB does not take into account unpriced securities held in the account.

For the UMA program, management fees are calculated at the beginning of the month based on the PEB balance of your account assets under management for the previous month. Any unpriced securities held in the account are not included in the account's billable value.

Management fees are automatically deducted from your accounts pursuant to your written authorization. On an exception basis, you can have management fees paid from other accounts or have us bill you directly by invoice. In these cases, the management fee is noted as zero on your account statements. At no time will SAA or SAI act as custodian of your accounts or have direct access to your funds and/or securities. When required, SAA or the account custodian sends you a management fee notification at the beginning of each billing period. The management fee notification can be included on your brokerage account statements. The management fee notification shows the average daily balance computed fee, any adjustment to the fee and the net fee to be deducted later in the billing period from your core account investment vehicle. Advisors and/or sub-advisors will maintain cash in the core account investment vehicle in order to pay for management fees and other charges and fees. Fees and charges are noted on your statements.

Variable annuity policies can be linked to Managed Opportunities Advisor Directed accounts. The variable annuity policy prospectus contains information about limitations and restrictions on making cash additions and withdrawals from any linked policy, and you should review that information. With respect to the MOAD Portfolios, the market value of variable annuity accounts included in the management portfolio can be included in the calculation of the management fees. We might not receive daily account valuation information for variable annuities from the insurance companies or their custodians. In some circumstances, when ADB is utilized, management fees on certain variable annuity accounts can be based on the weekly or monthly average balance. You can pay more or less in management fees when the pricing is based on a weekly or monthly average balance compared to management fees when the pricing is based on the ADB.

Fixed and fixed index annuities can also be linked to your Managed Opportunities Program account to assist in consolidating and uniformly reporting on your holdings. Any fixed and fixed index annuity positions linked to your account are excluded from fee billing calculations as well as from management and/or valuation services.

If an account is terminated and securities are liquidated, you can incur separate charges for each transaction. In addition, you can incur contingent deferred sales charges imposed by mutual fund companies on mutual fund position liquidations if you direct us to liquidate the account or switch managers. All other brokerage commissions are waived in Managed Opportunities Program accounts. You are subject to a $200 transfer charge if, within 12 months of establishing a Managed Opportunities Program portfolio, you direct us to transfer the assets of that portfolio to another Managed Opportunities Program portfolio.

The fee is a tiered fee schedule where the percentage-based fee is lowered as assets in your accounts increase. The exact fee charged or fee schedule used is disclosed to you in the fee schedule prior to services being provided.

Management fees for Managed Opportunities Program Accounts Held at Pershing

Management fees for Managed Opportunities Program accounts that are held at Pershing are calculated monthly at the beginning of each month based on the value of account assets under management as of the close of business on the last business day of the preceding month. The assets are valued by an independent pricing service, where available, or by Pershing in good faith, based on Pershing's books and records. Management fees are billed in advance with the exception of the initial fee. The initial fee is billed in arrears, prorated based on the number of days that services were provided during the first month. This initial fee is billed at the same time the first full month's fee is billed in advance. Fee calculations are based solely on the PEB and do not take into consideration any day(s) in the month where the account has a zero balance. In addition, any unpriced securities held in the account are not included in the account's billable value.

Management fees are automatically deducted from your accounts pursuant to your written authorization. On an exception basis, you can have your management fees paid from other accounts or have us bill you directly by invoice.

In these cases, the management fee is noted as zero on your account statements. At no time will SAA or SAI act as custodian of your accounts or have direct access to your funds and/or securities. Advisors and/or sub-advisors will maintain cash in the core account investment vehicle in order to pay for management fees and other charges and fees. You can also be assessed ticket charges and other miscellaneous charges by SAI or Pershing on account transactions. Miscellaneous charges can include custodial fees levied by the custodian. Account assets can also be subject to additional fees and expenses as explained in the prospectus for mutual funds, exchange traded funds or other investments. Fees and charges are noted on your statements.

Variable annuity policies can be linked to Managed Opportunities Advisor Directed accounts. The variable annuity policy prospectus contains information about limitations and restrictions on making cash additions and withdrawals from any linked policy, and you should review that information. With respect to the MOAD portfolios, the market value of variable annuity accounts included in the management portfolio can be included in the calculation of the management fees. We might not receive daily account valuation information for variable annuities from the insurance companies or their custodians. In limited circumstances, management fees on certain variable annuity accounts can be based on the weekly or monthly average balance. You can pay more or less in management fees when the pricing is based on a weekly or monthly average balance compared to management fees charged when the pricing is based on the ADB.

Fixed and fixed index annuities can also be linked to your Managed Opportunities Program account to assist in consolidating and uniformly reporting on your holdings. Any fixed and fixed index annuity positions linked to your account are excluded from fee billing calculations as well as from management and/or valuation services.

If an account is terminated and securities are liquidated, you can incur separate charges for each transaction. In addition, you can incur contingent deferred sales charges imposed by mutual fund companies on mutual fund position liquidations if you direct us to liquidate the account or switch managers. All other brokerage commissions are waived in Managed Opportunities Program accounts. You are subject to a $200 transfer charge if, within 12 months of establishing a Managed Opportunities Program portfolio, you direct us to transfer the assets of that portfolio to another Managed Opportunities Program portfolio.

The fee is a tiered fee schedule where the percentage-based fee is lowered as assets in your accounts increase. The exact fee charged or fee schedule used is disclosed to you in the fee schedule prior to services being provided.

Fees for the Participant Retirement Program

You pay management fees to SAA and your representative pursuant to the provisions of a client fee schedule, with a maximum 3% annual fee charged. The fee can be a fixed percentage fee on the total assets in your account or a tiered fee schedule where the percentage-based fee is lowered as assets in your accounts increase. The exact fee charged or fee schedule used is disclosed prior to services being provided.

Fees are negotiated based on the complexity of your financial situation, the investment services to be provided, the experience and standard fees charged by your representative and the nature and total dollar value of the Plan Assets maintained in your account. The management fee covers only the investment management services provided by us and does not include brokerage commissions or other costs associated with the purchase and sale of securities, custodial fees, interest, taxes or other account expenses.

SAA retains up to 25 basis points (.25%) of the annual fee charged to your account for administrative and support services we provide. Although not required, we can bundle your related accounts to achieve a break on management fees. Account bundling does not reduce our administrative fee; each account is priced separately for purposes of the administrative fee. Account bundling can be done on accounts with the same fee schedule and with clients in the same immediate family or under the same qualified plan. When accounts are bundled, the total average daily balance or total period ending balance for all of the bundled accounts is used to determine the applicable fee percentage from the client fee schedule. This percentage is then applied to each account and a fee charged to each respectively.

Fees are calculated at the beginning of each period (monthly or quarterly) based on either the average daily balance or the period ending balance of the account assets under management for the previous period. Frequency (monthly or quarterly) and basis (ADB or PEB) will be disclosed in the fee schedule. Management fees will be billed either in advance or arrears, as disclosed in the fee schedule, with the exception of the initial fee. The initial fee is billed in arrears based on the number of days that services are provided during the first billing period. SAA retains the right to change the basis (ADB or PEB) upon which the management fee is calculated and/or the timing of billing (advance or arrears). At its discretion, SAA and/or our representative can exclude certain assets from the calculation of management fees.

If your account has not maintained adequate cash in the account to pay management or other fees, SAA reserves the right to direct Fidelity Institutional Wealth Services to liquidate a portion of the other Plan Assets to cover the charges; a liquidation can occur at any time. You should review the documents establishing the Fidelity account for details on the tax reporting treatment of deducting management fees.

Depending upon the investment services provided, assets in excess of a threshold amount (as such amount is determined from time to time by SAA) deposited into or withdrawn from the account by you can be charged or refunded a pro-rated portion of the management fee based on the number of days during the billing period the assets were held in the account.

Fees for the Lockwood Programs

The maximum annualized management fee that can be charged to you for these programs by the advisor or representative is 3%, payable to SAA quarterly in advance. Unless otherwise agreed to in writing, the fee is calculated as a percentage of the market value of all assets in the account(s) as of the close of the last trading day of each calendar quarter prior to the billing date, except:

(a) The initial deposit of cash or securities into the account(s) is charged a prorated fee based on the number of days during the billing period that the account is open, and
(b) Additional deposits of cash or securities into the account(s) are charged a prorated fee based on the number of days remaining in each billing period following the date of the deposits.

Client understands that account assets may be invested in shares of investment companies, such as mutual funds or exchange traded funds, and those assets will be included in calculating the value of the account(s) for purposes of computing fees. Shares of investment companies such as mutual funds and exchange traded funds will also be subject to additional management fees and other expenses and may be subject to 12b-1 fees to offset distribution expenses as described in the prospectuses of those funds. These amounts may be paid by the investment companies, but the fees are ultimately borne by the client. If and to the extent that assets in an account are invested in investment companies such as mutual funds or exchange traded funds, the client may indirectly pay duplicate advisory and other fees in connection with such investments. The client expressly acknowledges that transactions in investment companies such as mutual fund shares and exchange traded funds purchased or sold for the account(s) could be subject to ongoing compensation in the form of 12b-1 fees or other compensation from the fund. The client is advised that shares of investment companies such as mutual fund units purchased directly from the fund company typically would not incur a transaction fee, and client ordinarily would not incur front-end or deferred sales charges under the agreement in such case. In the event that mutual funds are held in a client's account and a 12b-1 fee is received by SAA or SAI with respect to the account, the 12b-1 fee will be credited to the account.

The fee may be a fixed percentage fee on the total assets in your account or a tiered fee schedule whereby the percentage-based fee is lowered as assets in your accounts increase. The exact fee charged or fee schedule used is disclosed to you in the fee schedule prior to services being provided

Fees for the Independent Managed Assets Program

SAA and the representatives are compensated by IMAP money managers through solicitor or consulting fees. You should be aware the solicitor or consulting fees paid to SAA and the representatives differ among recommended managers. We can receive marketing override fees or premier sponsor fees from third-party money managers or turn-key wrap program sponsors. If we do not receive marketing override fees or premier sponsor fees, then we can retain up to 10% of the representative's solicitation fees or consulting fees from those programs.

Fees can be negotiated but generally range from .10% to 3% annually, depending upon the program selected, the size of the account and the services covered. Under some programs, an inclusive fee covers account management, brokerage, clearance, custody and administrative services. In other programs, the account can be charged separately for such services. The amount of the fees, services provided, payment structure, termination provisions and other aspects of each program are detailed and disclosed in each manager's disclosure brochures, client agreements and accounting opening documents. SAA and your representative share in a portion of the fee charged by the third-party money manager and that fee varies from program to program. We will provide information on the shared amount upon request.

In mutual fund/variable annuity programs, your representative assists you in (1) selecting various strategies consisting of model portfolios of mutual funds and/or variable annuity sub-accounts and/or (2) designating certain of your existing investment in mutual funds and/or variable annuities to be managed by a third-party investment advisor firm. SAA and the representatives do not manage or obtain discretionary authority over the assets in accounts participating in these programs. The third-party advisor either rebalances the mutual funds, variable annuity sub-accounts or model portfolios selected by you on a predetermined schedule or actively manages a portfolio of mutual funds and/or variable annuity sub-accounts in accordance with your stated general strategy or objectives.

Annual fees charged as a percentage of assets under management are charged monthly or quarterly in advance or arrears as agreed upon between you and your representative. Your representative quotes an exact percentage to you based on the nature and total asset value of that account.

Fees for Financial Planning Services

Representatives can charge an hourly fee, a fixed fee or a percentage fee based on the assets on which the representative is providing financial planning and/or consultation services. Hourly fees for financial planning and/or financial planning consultation services are generally charged at a rate of up to $750 per hour. As an alternative, a flat fee can be charged which typically does not exceed $15,000. Clients contracting for ongoing financial planning and/or consultation services can be charged an annual, semi-annual, quarterly or monthly retainer fee. The retainer fee is charged as a flat fee or a percentage fee. If charged as a percentage, the maximum fee will be 3% of the value of assets on which the financial planning and/or consulting services are provided.

Additionally, SAA and its representatives can provide educational seminars and workshops and can charge a flat fee to individual attendees or sponsors. Financial planning seminar fees can range from zero to $15,000. SAA or the representatives can also receive reimbursements from product sponsors for seminar expenses if disclosed and agreed to in advance by seminar attendees or sponsors.

In some instances, fees higher than the typical fees referenced above can be charged if the scope of the contracted project warrants a higher fee. All fees are negotiable and are agreed upon prior to entering into a contract. Representatives can waive agreed upon financial planning, consultation and seminar fees and expenses if you buy products or enter into agreements for other services with the representative. You and the representative determine the exact fee and how the fee is to be paid. Fees are negotiable based on the complexity of your financial situation, the services to be provided, the experience and standard fees charged by your representative and the nature and total dollar asset value of the assets on which services will be provided. In addition, fees can be negotiated based on whether you have assets under management with the representative. Financial plans are generally presented to you within 90 days of entering the contract, provided that all information needed to prepare the financial plan has been promptly provided by you. Fees of more than $1,200 will not be collected six or more months in advance of services being provided.

Your representative can provide additional financial planning services and charge fees at his or her current hourly and fixed fee rates.

Fees for Retirement Plan Advisory Services

Fees for retirement plan advisory services can be paid as an asset-based fee (or level commissions in lieu thereof) or flat fee paid on a set schedule provided to your advisory account; some legacy accounts may instead be charged advisory fees or level commissions. Management fees are calculated by the plan sponsor on our behalf. Details of the compensation calculation and payment methods are disclosed in the Retirement Plan Advisory Agreement, investment product prospectus and/or other document executed when the account is established. Your representative can provide copies of these documents and additional specific details.

In addition to the fees for retirement plan advisory services provided, plan assets invested in products (i.e., mutual funds, group variable annuities and/or other retirement plan investment vehicles) bear the operating expenses and cost of investing in those products, which may include sales charges or redemption fees. Those expenses are detailed in the product's prospectus, contract or other related disclosure document. If the plan incurs such fees or costs as a result of the services provided, the named fiduciary acknowledges (on behalf of the plan, its participants and beneficiaries) that the fees or costs will be assessed on the purchase or deducted from redemption proceeds pursuant to the terms set forth in the prospectus, contract or other related disclosure documents. The plan may incur fees and other expenses including, but not limited to, investment-related expenses imposed by other service providers not affiliated with SAA or its representative and other fees and expenses charged by the plan's custodian, third–party administrator and/or record keeper. SAA and its representative make no representations about any costs or expenses associated with the services provided by third parties.

At no time will SAA act as custodian of the plan or have direct access to the plan's funds and/or securities. A qualified independent custodian maintains custody of all assets, funds and securities. All fees and charges are noted on the plan's custodial account statements. The plan sponsor is responsible for verifying the accuracy of the fee calculation.

On an exception basis, if you have an account established through our firm, the plan can have its management fees paid from other accounts or have us bill the plan directly by invoice. In such cases, the management fee is noted as zero on the plan's custodial account statements.

For retirement advisory services provided through SAA's Managed Opportunities Program or Financial Advisors Program (described elsewhere in this disclosure brochure), the plan can have its management fees paid from other accounts or have us bill the plan directly by invoice. This billing method is provided only on an exception basis. In such cases, the management fee is noted as zero on the plan's custodial account statements.

Fees in Other Investment Advisory Programs

In programs outside of the Financial Advisors Program, Lockwood Programs, Managed Opportunities Program, Retirement Program and Participant Retirement Program, your representative charges an annual fee based on the value of the assets under management. The annual fee charged for these services is negotiated with you, with 3% being the maximum annualized fee that can be charged to you. Annual fees charged as a percentage of assets under management are charged monthly or quarterly, in advance or arrears, as agreed upon between you and your representative. Your representative will quote an exact percentage to you based on the nature and total asset value of that account. In some instances, your representative can choose to charge a fixed fee for management services. Fixed fees range from $250 to $5,000 annually and are determined by your representative based on the amount of assets under management and the complexity of the services that will be provided. Fixed fees can be charged monthly, quarterly or annually, in advance or arrears. Fees of more than $1,200 will not be collected six or more months in advance of services being provided.

The fees charged for management services are deducted from your account by the account custodian or are billed directly to you. If fees are deducted from the account, you provide the account custodian with written authority to have fees deducted upon notice from your representative and paid to our firm. All management fees billed directly are due upon receipt of our invoice. We retain a portion of any fees charged to you. The remainder of the fees is paid to your representative.

Management fees charged as a percentage of assets under management can be calculated at the beginning of each period (monthly or quarterly) based on the value of your account assets under management at the end of the previous period or management fees can be calculated at the end of each period (monthly or quarterly) based on the average daily balance or period-ending balance. As an alternative, representatives can limit their management fee compensation to a portion of mutual fund sales loads and variable annuity sales commissions.

Compensation for the Sale of Securities or Other Investment Products

Your representative receives compensation as a result of your participation in our programs or for providing advisory services to you. Fees for investment supervisory services can vary and can be more than the cost of purchasing the same services separately. You may be able to obtain similar services for a lesser fee from other advisors not affiliated with our firm or SAI. The amount of compensation SAA or your representative can receive in a particular program can be more than would be received if you participated in other SAA programs or paid separately for investment advice, brokerage and other services. For example, recommending one Managed Opportunities Program portfolio over another Managed Opportunities Program portfolio can create a financial incentive for your representative. Your representative is not under any obligation to promote or use one money manager over another. You may want to consider the following factors when determining the reasonableness of the fees charged:

- The cost of developing investment strategies and managing the assets.
- The cost of producing performance reports covering the managed assets.
- The cost of administrative, marketing and website services.
- Transaction and custody costs or other miscellaneous fees, taxes or charges, as well as commissions or mark-ups and mark-downs on the purchase and sale of securities. Neither SAA nor SAI receive any portion of mark-ups or mark-downs but market makers may receive this type of compensation.
- The value of the services provided in assisting you in designing, establishing and monitoring the managed assets.
- The cost of the additional administrative, marketing, asset management and other support services that may be provided in the management of a program account.

Your representative may also be a registered representative of SAI and able to effect securities transactions and receive commissions in that separate capacity. Your representative may also be licensed as an insurance agent and sell insurance products for commissions in that separate capacity. SAI registered representatives have the discretion to determine the amount of commission charged to clients on products other than mutual funds or insurance products. Representatives generally waive any securities commissions from recommended transactions effected in one of our previously described wrap fee programs (Financial Advisors Program, Managed Opportunities Program and/or Participant Retirement Program). In addition, your representative can reduce advisory fees to offset commissions received when transactions are effected. Load mutual funds and bonds can be bought in some managed accounts on an exception basis at your direction.

In determining the amount of any commissions charged, SAI registered representatives will take into account the Financial Industry Regulatory Authority's ("FINRA's") 5% guideline policy, the type of security involved, the availability of the security in the market, the price of the security and the amount of money involved in the transaction.

Clients are not obligated to engage SAA representatives to implement advisory recommendations. If clients elect to implement recommendations, they are not obligated to engage SAA representatives who can be separately licensed as SAI registered representatives and/or insurance agents. Implementing any or all recommendations is solely at clients' discretion.

Commissions charged for securities and/or insurance products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer or insurance broker. You may buy the same investment product from a non-affiliated broker or implement transactions without the services offered by the representative. In that case, you would not receive the services provided by your representative.

Receiving compensation from a variety of sources can be considered a conflict of interest. In addition to the fees disclosed in your advisory agreement or commissions you pay for the purchase of securities and insurance products, your representative can receive additional compensation (including bonuses and non-cash compensation) for selling certain securities or other investment products. Examples of non-cash compensation include receiving due diligence and/or marketing allowance payments from certain sponsors. While the arrangements with each sponsor can vary, each product sponsor can pay a due diligence or marketing allowance fee based upon the amount of assets held at the sponsor or on the gross amount of each sale, depending upon the product. In certain cases, additional payments are paid or directed to SAA/SAI for selling these products. This can create a conflict of interest based on the amount of compensation SAA/SAI receives when recommending one investment product over another. As a result, certain incentives and conflicts of interest can exist for your representative if you buy certain products or services recommended by him or her. We encourage you to review this ADV closely and discuss any conflicts of interest with your representative.

With respect to advisory services provided under the Retirement Plan Advisory Agreement, affiliates of SAA can provide securities brokerage, recordkeeping or other retirement services to plans and receive variable compensation for these services. A conflict of interest can arise where SAA recommends the retirement services of those affiliates.

SAI, our employees and your representative can benefit from the compensation paid to us and can directly or indirectly receive a portion of those fees, commissions or other compensation paid by retirement services clients. Those clients can also use other products or retirement services available from or through us and in such case pay additional compensation. This practice creates a potential conflict of interest that can give us and your representative an incentive to recommend advisory retirement services based on the compensation received. Additionally, fees and commissions can also be higher for some brokerage products, services or retirement services. The remuneration and profitability to us, our representatives and affiliates resulting from transactions involving some accounts can be greater than the remuneration and profitability resulting from other advisory accounts, products or retirement services. We manage this conflict through written disclosure to you and by imposing reasonable controls designed to address the suitability of advisor products offered to you. We can also offset or refund additional compensation when required by law.

Other Fees

Representatives can sell various investment products and insurance products offered by subsidiaries of LTFS. Representatives can make referrals for investment banking services and trust services through LTFS and/or its subsidiaries. SAFC, the parent of SAI and SAA, is a wholly-owned subsidiary of LTFS and, therefore, a potential conflict of interest can exist when representatives recommend these products or services. Due to the interrelationship of these entities, conflicts of interest can arise that are not readily apparent to you. Through SAI and LTFS, SAFC can engage in marketing re-allowance or sponsorship arrangements with third parties, sub-advisors and brokerage firms to promote the distribution of investment products, including variable annuity and insurance products, mutual funds, managed accounts and customized portfolios. These additional engagements may not necessarily result in additional assets under management with our firm. Representatives are under no obligation to sell these products or to meet any selling quotas related specifically to these products. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

SAI, our broker/dealer affiliate, can execute securities transactions for you on our behalf or on behalf of your representative if he or she is licensed as an SAI registered representative. SAI receives various forms of revenue from our clearing firms, NFS and Pershing, based upon your activity as well as the amount of assets we have with these firms. In general, these revenue sources include a percentage or portion of fees and transaction charges collected by the clearing firms and shared with our firm or SAI, such as: (1) margin interest charges, (2) IRA fees, (3) inactivity fees, (4) mutual fund 12b-1 trails and/or other fees. Additional details are provided below:

- Transfer Charges: You can be assessed transfer charges on account transactions and other miscellaneous charges by NFS or Pershing on account transactions.
- Margin Interest Charges: To the extent margin is available in your advisory program, such accounts must meet certain risk tolerance requirements. When margin is used to buy additional securities, the total value of eligible program assets increases as your asset-based fees increase. In addition, you can be charged margin interest on debit balances in your account. An increase in the asset-based fee you pay can provide an incentive for your representative to recommend the use of margin.
- Mutual Fund 12b-1 Trails: SAA and your representative do not retain 12b-1 fees paid by funds for either qualified or non-qualified accounts.
- Principal Transaction Fees: "Mark-ups" and "mark-downs" or "dealer spreads" that broker/dealers, including affiliates of SAA, can receive when acting as principal in certain transactions. Neither SAA nor SAI receive any portion of mark-ups or mark-downs but market makers may receive this type of compensation.
- Other Fees: Fees charged in our programs are separate and distinct from fees and expenses charged by mutual funds, exchange-traded funds, variable annuities and other investments that can be recommended to you. A description of these fees and expenses are available in each investment prospectus.
- Miscellaneous Fees: We also reserve the right to charge additional fees to close an account except when your state of residence prohibits an account closing fee. Refer to your agreement for specific fees and additional information.

Your representative can also be charged additional fees for executing certain transactions (e.g., transaction charges, ticket charges or service fee/charges, etc.). When allowed by our firm or by SAI, your representative can pass these charges on to you at his or her discretion. If such charges are passed on to clients participating in the Financial Advisors Program, Managed Opportunities Program or Lockwood Program, it will be reflected on your trade confirmation as a Post/Serv Fee for NFS accounts or as a Trans. or Service Charge for Pershing accounts. All fees and charges are noted on your statements and/or confirmations. Stocks, bonds and other securities can be traded in managed accounts and are subject to normal spreads, mark-ups and mark-downs paid to market makers of those securities. These charges can be considered by your representative when determining the amount of fees to be charged to you. For additional information about brokerage practices, refer to the section titled "Brokerage Practices."

An outside manager recommended by our firm through the Independent Managed Assets Program can use SAI, our broker/dealer affiliate, and SAI representatives to implement recommended transactions for separate compensation, provided that the use of SAI is consistent with the manager's obligation of best execution. We recognize your unrestricted right to select and choose any broker or dealer you wish, except in situations where we or a recommended manager is given discretionary authority over your account. However, no manager is under any obligation to use our broker/dealer affiliate for any securities transactions.

Representatives can receive fees for referring you to Premier Trust for trust services. Representatives can also receive fees for referring you to Ladenburg Thalmann for investment banking services or Ladenburg Thalmann Asset Management's $ymbil Program. These fees can be paid on an ongoing basis and can continue even if your relationship with the representative and/or Securities America is terminated.

Your representative and SAA can refer you to a third party lending institution should you wish to obtain a loan using your securities as collateral. SAA can receive a fee for such a referral; any fee received will not reduce your advisory management fee. Additionally, similar securities-based loans can be available to you for a lower overall cost from other providers. If the assets securing the loan are in an advisory account, the management fee is still being assessed to the entire account, plus any interest charged by the third party lender.

Certain securities, such as over-the-counter stocks and fixed income securities, are traded primarily in "dealer" markets. In such markets, securities are directly purchased from, or sold to, a financial institution acting as a dealer or "principal." Dealers executing principal trades typically include a mark-up, mark-down and/or spread in the net price at which transactions are executed. Your representative can recommend certain bond trade transactions on a discretionary or non-discretionary basis using the Ladenburg Thalmann Fixed Income desk. In these instances, our affiliate, Ladenburg Thalmann & Co., Inc., executes a transaction for a security traded in the dealer markets; LTCO will either execute the transaction as agent through a dealer unaffiliated with LTCO or as principal in accordance with applicable law. Those accounts covered under ERISA are exempt from principal transactions. Clients in our advisory program may not pay commissions or separate transaction charges to LTCO in connection with these transactions; however, the client will bear the cost (including any mark-up, mark-down, and/or spread) imposed by the dealer as part of the price of the security. Thus, the dealer will receive compensation in connection with most principal trades. SAA has a conflict of interest in using LTCO to execute principal transactions because LTCO will receive compensation in connection with the trade as dealer, which is in addition to the advisory program fee. For more information about how this conflict of interest is addressed, see the "Policy Regarding Engaging in Principal Trading Involving Advisory Accounts" section below.

Offerings and Special Transactions

Clients can purchase securities through broker/dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. An affiliate of our firm can act as an underwriter or manager for such offerings, and as such, will receive compensation equal to either all or a portion of "gross spread" (the difference between the price the client pays for the security and the price at which it purchased the securities). Our firm can also receive a portion of the gross spread as a member of the syndicate offering. The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

Our firm can share a portion of payments received from a mutual fund or in connection with an initial public offering, a secondary offering and/or a private placement with your representative. This conflict of interest is heightened when your representative recommends securities where our firm is a member of the syndicate offering because your representative typically receives more compensation in connection with these securities than in connection with other types of securities. Your representative can also have a heightened conflict of interest when recommending funds that pay compensation because your representative can receive a portion of that compensation. Your representative can favor certain clients when offering initial public offerings, secondary offerings and other follow-on offerings. Trade allocation will be determined on a basis that is fair, reasonable and equitable to those selected clients and that meets the clients' investment objectives. Factors such as the size of the account and the account's investment objectives can be taken into account when allocating investments. When an order is only partially filled, the security will be allocated to accounts pro-rata to the allocation of the original order quantities. Commission and transaction costs will be allocated to each account pro-rata.

With respect to initial public offerings, secondary offerings and other follow-on offerings, an allocation pro-rata to the original order quantity will be applied where demand exceeds supply. Where it is not possible to apply this policy in any particular trade, efforts will be made to allocate the next investment opportunities so that clients participating in the offerings over time, irrespective of account size, receive equitable treatment in the filling of orders.

Interest Charges in Cash Accounts

SAI, our affiliate broker/dealer, does not extend credit to customers in connection with the purchase of securities unless pursuant to a margin agreement with the clearing firm. If you create a debit balance in a cash account by failing to make payment in full for securities purchased by settlement date, by failing to timely deliver securities sold, from proceeds of sales paid prior to settlement date or for other charges which can be incurred in your account, SAI reserves the right to charge you interest on such debits until satisfied by you.

Cash accounts with debit balances can be subject to interest charges above the National Financial Base Lending Rate (NFBLR) or Pershing Base Lending Rate (PBLR), depending on whether your account is custodied through NFS or Pershing. For cash accounts carried by NFS and Pershing, the interest on debit balances is computed using the debit ADB of the account and the applicable interest rate in effect to determine the amount of interest charged per day. This amount is then multiplied by the number of days a daily debit balance was maintained during the interest period. Interest charged during the interest period is the total of such daily computations.

The rate of interest charged to your account can be changed without notice in accordance with changes in the NFBLR or PBLR and your ADB. Your monthly or quarterly statement shows this dollar amount of interest and the interest rate charged to your account.

Retirement Services

Our representatives also provide services to clients' retirement accounts, such as individual retirement accounts (IRAs) and retirement plans. Our services to IRA clients include those described above. Please note: a client leaving an employer typically has four options (and may engage in a combination of these options):

(i) Leave the money in the former employer's plan, if permitted
(ii) Roll over the assets to the new employer's plan, if one is available and rollovers are permitted
(iii) Rollover to an IRA or
(iv) Cash out the account value (which could, depending upon the client's age, result in adverse tax consequences)

Our representatives can recommend an investor roll over plan assets to an IRA which our representative would manage. As a result, we can earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer, or roll the assets to a plan sponsored by a new employer, will generally result in no compensation to us (unless we are engaged to monitor and/or consult on the account while maintained at the existing plan). Therefore, our representatives can have an economic incentive to encourage an investor to roll plan assets into an IRA that we will manage or encourage an investor to engage us to monitor and/or consult on the account maintained at the existing plan.

There are various factors that we may consider before recommending a rollover, including but not limited to:

(i) The investment options available in the plan versus the investment options available in an IRA
(ii) Fees and expenses in the plan versus the fees and expenses in an IRA
(iii) The services and responsiveness of the plan's investment professionals versus ours
(iv) Strategies for the protection of assets from creditors and legal judgments
(v) Required minimum distributions and age considerations and
(vi) Employer stock tax consequences, if any

The following exception to the early withdrawal penalty applies only to distributions from a qualified retirement plan other than an IRA: distributions made to you after you separated from service with your employer if the separation occurred in or after the year you reached age 55.

No client is under any obligation to rollover plan assets to an IRA managed by us or to engage our representative to monitor and/or consult on an account maintained at an existing plan. Please note that a recommendation to roll assets out of an employer-sponsored plan into an IRA will most likely result in more expenses and charges than if the assets were to remain in the plan.

You should speak to your representative to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

SAA and your representative do not accept performance-based fees for investment management services.

We do not provide side-by-side management of mutual funds and other assets.

ITEM 7. TYPES OF CLIENTS

We generally provide investment advice to:

(1) Individuals
(2) High net worth individuals
(3) Banks or thrift institutions
(4) Pension and profit sharing plans;
(5) Charitable organizations
(6) Corporations or business entities
(7) State and municipal governmental entities

Minimums to establish and maintain an account are listed below. Exceptions can be granted if negotiated between yourself, SAA and/or your representative.

- $25,000 for Financial Advisors Program
- $50,000 for Managed Opportunities Fund Strategist Portfolios
- $100,000 for Managed Opportunities Separate Account Portfolios
- $150,000 for Managed Opportunities Unified Managed Account Portfolios
- $50,000 for Managed Opportunities Advisor Directed Account Portfolios
- $1,000,000 for Retirement Plan Advisory Programs

There is no minimum requirement for the Participant Retirement Program. Minimum account sizes for the Independent Managed Assets Program are determined by each participating money manager, and minimums for each program are negotiable.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Our investment advisor representatives use various methods of analysis and investment strategies. Therefore, methods and strategies will vary based on the advisor representative providing advice. Models and strategies used by one advisor representative may be different than strategies used by other advisor representatives.

Some investment advisor representatives may use just one method or strategy while others may rely on multiple strategies. SAA does not require or mandate that a particular investment strategy be implemented by its advisor representatives. Further, SAA has no requirements for using a particular analysis method and advisor representatives are provided flexibility (subject to SAA supervision and compliance requirements) when developing their investment strategies.

The following sections provide brief descriptions of some of the more common methods of analysis and investment strategies that are used by SAA investment advisor representatives.

Methods of Analysis

Security analysis methods can include (1) fundamental analysis, (2) technical analysis and (3) cyclical analysis.

- Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

  The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

- Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

  Technical analysis is even more subjective than fundamental analysis because it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

- Cyclical – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company rises just before an economic upturn begins and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

  While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

The main sources of information include (1) financial newspapers and magazines, (2) inspections of corporate activities, (3) research materials prepared by others, (4) timing services, (5) annual reports, prospectuses, filings with the Securities and Exchange Commission and (6) company press releases.

Your representative has access to third party vendors that provide programs or software to analyze individual securities. We also offer your advisor access to third party vendors that provide support services in portfolio design and strategy implementation. One of our affiliates, LTCO, provides research designed to help clients capitalize on inefficiencies in the market. Their institutional quality research provides their partners with value-added insights that enables their decision-making processes, informs their strategies and allows them to address critical market issues. Your representative can use the services of LTCO in addition to other third-party services made available. Refer to the section titled "Other Financial Industry Activities and Affiliations" for more information about our affiliates.

Investment Strategies

Various investment strategies can be employed in our programs and when providing advisory services, including (1) long-term purchases (securities held at least one year), (2) short-term purchases (securities sold within a year), (3) trading (securities sold within 30 days), (4) short sales, (5) margin transactions and (6) option writing (including covered options, uncovered options or spreading strategies).

Strategic and tactical asset allocation model portfolios are employed in SAA programs. In addition, model mutual fund and variable annuity asset allocation portfolio programs, provided by a number of institutional investment managers and strategists, can be used when managing client assets. In the Managed Opportunities Program Fund Strategist Account Portfolios, Separate Account Portfolios and Unified Managed Account Portfolios, multiple investment strategies can be used when managing your account. Your representative is responsible for determining the appropriate management style and assists you in placing your assets in a model portfolio based on your individual financial situation, goals and objectives. Your assets are allocated according to the model selected. Reallocations are implemented in discretionary accounts by the money managers in these portfolios without prior notice to you.

Investment strategies and philosophies used within our managed programs or when providing advisory services vary based on the advice provided by your representative. Models and strategies used by one representative can be different than models and strategies used by other representatives. Some representatives limit their advice to mutual funds and others will provide advice on a full range of securities that include mutual funds, equities, options, fixed income and other types of investments. Some representatives will develop models or strategies that are generally applied to their clients while other representatives will develop individualized portfolios for each client.

For all accounts, a specific investment strategy or investment policy is determined for you focusing on your specific financial situation, goals and stated investment objectives. Your representative is responsible for developing and determining the investment strategies used with your accounts. He or she is also responsible for monitoring your accounts and re-allocating them as may be appropriate based on changing market conditions, changes in your individual circumstances or other factors. If your accounts are managed on discretionary basis, re-allocations are implemented without prior notice to you. If your accounts are managed on a non-discretionary basis, you will be consulted prior to any securities being reallocated.

In order to help identify the investment strategies to be used, your representative typically:

- Gathers information from you about your financial situation, investment objectives, risk tolerance and investment time horizon and any reasonable restrictions you wish to impose on management of the account;
- Periodically reviews reports provided to you and consults with you;
- Contacts you at least annually to review your financial situation and objectives;
- Communicates information to the third-party investment advisor as warranted; and
- Assists you in understanding and evaluating the services provided by the third-party investment advisor.

If your individual situation changes, you should notify your representative, who will assist you in revising the current portfolio and/or prepare an updated client profile so that he/she can determine if a different portfolio would be appropriate to your new situation. You can also directly contact a third-party advisor managing the account at the same time you notify your representative and/or SAA. Any subsequent changes directed by you to the initial portfolio(s) will be reflected in a verification update letter provided to you, and the changes will also appear on your statement.

It is important that you understand the concept and risks inherent in exchanging an investment from one position to another. Some investment decisions result in profit and others in losses. SAA and your representative cannot guarantee that the objectives of any investment program will be achieved. Furthermore, it is important you understand that exchanging shares of one mutual fund for shares of another mutual fund is treated as a sale for federal income tax purposes and that capital gains or losses may be realized unless you are eligible for tax deferral under a qualified retirement plan.

In limited circumstances, your representative or a third-party money manager can engage in a strategy involving frequent trading. You should consider the following points before entering into an advisory relationship where such trading occurs:

- Active trading can be extremely risky and is not appropriate for someone of limited resources and limited investment trading or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you invest in securities. You should not invest funds necessary to meet your regular, on-going personal needs. In particular, you should not fund this type of trading with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses.

- Active trading can result in few or no profits and, worse, can lead to large financial losses very quickly. Active trading requires in-depth active knowledge of the securities market and of sophisticated and disciplined trading techniques and strategies. Also, you must compete with professional, licensed traders employed by securities firms and other knowledgeable, experienced and well-trained traders. You should have appropriate knowledge and experience before engaging in active trading. You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. Your success will be affected by strengths and weaknesses and the methods and practices of the brokerage firm in executing trades. You should develop an intimate knowledge of these matters before you engage in an active trading strategy.

- Active trading can involve aggressive trading, and you can generally expect to pay commissions, ticket and transaction charges on each trade. The total daily commissions you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming each trade costs $16 and an average of 29 transactions are conducted per day, you would need to generate an annual profit of $111,360 just to cover trading costs.

- Active trading can result in tax consequences due to shorter-term purchases and sells. You may want to consult your tax professional for advice. Your portfolio may tend to be more volatile with shorter term or more active trading.

Risk of Loss

Investment portfolios, programs, models, asset allocations or strategies entail the risk of loss, and values and returns fluctuate over time. While we seek to limit any losses, there have been periods of loss in the past, and there will likely be others in the future. SAA and our representatives emphasize investment returns, particularly over shorter time periods, that depend highly on trends in the various investments markets. Thus, our investment management services are generally suitable only for long-term investment objectives or strategies rather than for short-term trading purposes. Diversification does not guarantee a profit or guarantee to protect you against loss, and there is no guarantee that your investment objectives will be achieved. These programs, portfolios, models, asset allocations and strategies are not FDIC insured and the investments in them may lose value. All investment programs have certain risks that are borne by you. Our investment approach constantly keeps the risk of loss in mind. You face the following investment risks:

- Market Risk: This type of risk is caused by external factors independent of a security's particular underlying circumstances. Markets can, as a whole, go up or down on various news releases for no understandable reason at all. This sometimes means that the price of specific securities can go up or down without any real reason and take some time to recover any lost value. Adding securities does not help to minimize this risk since all securities may be impacted by market fluctuations.

- Short-Term Trading Risk: These types of transactions may result in short-term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long-term strategies. SAA and your representative attempt to invest your assets in a tax efficient manner, but you should consult with your tax professional regarding transactions in your account.

- Investment Term Risk: If you require us to liquidate your portfolio during a period in which the price of the security is low, you will not realize as much value as you would had the investment had the opportunity to increase or regain its value (as investments frequently do) or had we been able to reinvest in another security.

- Short Sales Risk: Short sales are motivated by the belief that a security's price will decline, enabling it to be bought back at a lower price to make a profit. The maximum gain on a short sale is limited but the maximum loss is theoretically infinite. Short sales also involve significant expenses, dividend responsibilities, possible regulatory prohibitions and critical timing considerations that impact potential profitability.

- Margin Risk: If you engage in margin transactions then you are borrowing funds to purchase securities using loans for which your portfolio serves as collateral for repayment. Use of margin increases a portfolio's risk as price swings are amplified and, if the value of your securities declines, you can lose more funds than you originally deposited. The lender or custodian may be required to cease trading or liquidate securities to meet a margin call or credit line demand. When using margin as a strategy, you can lose more than your original investment.

- Option Risk: An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time, reflecting the nature of the option as a wasting asset becoming worthless when it expires. If you don't sell an option in the secondary market or exercise it prior to expiration, you will lose your entire investment in the option.
- Interest-Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- Inflation Risk: The risk is that the rate of inflation will exceed the rate of return on an investment. The investment value itself does not decline but its relative value does.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Political Risk: Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- Regulatory Risk: 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.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They generally carry a higher risk of profitability than an electric company, which may generate much of its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Concentrated Investment Risk: Certain investment strategies may be concentrated in a specific sector, industry or individual security. In this case, your portfolio will be more likely to sharply increase or decrease in value with changes in the market. This strategy is more volatile because the risk associated with each security represents a large percentage of your overall portfolio.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid while real estate properties are not.
- Financial or Default Risk: Excessive borrowing to finance a business' operations increases the risk of profitability because the company must meet the terms of its obligations and service its debts in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value. Ratings provided by several rating services help to identify those companies with more risk.
- Risks Specific to Sub-Advisors and Other Managers: If we invest some of your assets with another advisor (including private placement), there are additional risks. For example, the other manager may not be as qualified as we believe them to be, the investments those managers use may not be as liquid as we would normally use, or the mangers' risk guidelines may be more liberal than we would normally employ.

You should understand there are risks inherent in all financial decisions and transactions, and there is no guarantee your investment objectives will be achieved. Our firm and our affiliated entities make no promises, representations, warranties or guarantees that any of its services to be rendered will result in a profit to you. Our firm and our affiliated entities do not guarantee the future performance or any specific level of performance, the success of any investment decision or strategy our firm and any of our affiliated entities may use or the success of our overall management. You should understand that SAA, its representatives and our affiliated entities will not be liable for any loss incurred with respect to your account, except where such loss directly results from such party's negligence or malfeasance. Nothing in this section is intended to be a waiver of any right of action you may have under applicable securities laws or your rights in the event SAA, the representative or SAA's affiliated subsidiaries breach any fiduciary duty owed to you.

SAA monitors accounts based on standard deviation thresholds. For information about these thresholds, please visit www.securitiesamerica.com under Investors/Investor Information.

ITEM 9. DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the advisor or the integrity of their management. While SAA neither admitted nor denied the SEC's findings, the SEC found that SAA breached its fiduciary duty, had inadequate disclosures and was deficient in its compliance policies and procedures in connection with SAA's mutual fund share selection practices.

During February 1, 2012 to December 31, 2016 (the relevant period), the SEC found that SAA's IARs invested advisory clients in mutual fund share classes charging 12b-1 fees and that SAI, SAA's affiliated broker/dealer, received 12b-1 fees based on those investments. SAI then paid a portion of the 12b-1 fees to its registered representatives who also acted as SAA IARs. The SEC found that SAA's disclosure documents failed to adequately inform clients that this was a conflict of interest because less expensive share classes were available for the same fund and that this made SAA's practice inconsistent with its duty to seek best execution for its clients' transactions.

Also during the relevant period, the SEC found that SAA failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its Rules. The SEC found SAA's conduct violated Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7.

On December 14, 2017, without admitting or denying the SEC's findings, SAA submitted an Offer of Settlement. On April 6, 2018, the SEC entered an order against SAA (File Number 3-18424) in which SAA was instructed to cease and desist from committing or causing violations of Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7 thereunder. SAA was also censured and ordered to pay disgorgement of $4,473,025.50, prejudgment interest of $580,423.14 and a civil penalty of $775,000.00. Clients can also refer to Investment Adviser Public Disclosure at www.adviserinfo.sec.gov for additional information.

Prior to the entry of the SEC's order, SAA implemented several policies to address the mutual fund share class selection practices described in the SEC's order. SAA now requires that its IARs complete all new purchases of mutual funds in advisory accounts at the lowest cost share class available to SAA, and SAA has worked with its clearing platforms to ensure compliance with this policy. Additionally, SAA has taken steps to convert mutual fund investments in all Class A shares (or comparable classes) to the lowest cost share classes available for the same funds at no costs or tax consequences to its existing advisory clients. For those shares that cannot be or have not yet been converted, SAA has implemented a policy to credit back any newly incurred 12b-1 fees to existing advisory clients.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Financial Industry Activities

SAA conducts activities with some affiliates who are "related persons" as defined in the SEC's Form ADV Instructions. These activities can be material to our investment advisory business or our advisory clients. The affiliates include companies under common control with us by virtue of their status as subsidiaries of Securities America Financial Corporation. SAA and SAI are wholly-owned subsidiaries of Securities America Financial Corporation. APA, another investment advisor firm, is a majority-owned subsidiary of Securities America Financial Corporation. APA is registered with the SEC, under common control with SAA and shares a principal office and place of business with SAA. Although our services are similar to those provided by APA, our investment advisor representatives do not provide advisory services for APA or utilize the programs sponsored by APA.

Securities America Financial Corporation is a wholly-owned subsidiary of Ladenburg Thalmann Financial Services. Ladenburg Thalmann Financial Services provides financial products and services through subsidiaries and several of those are registered as investment advisors, broker/dealers and insurance companies or agencies. Affiliates also include an investment company and a trust company.

Other companies owned by Ladenburg Thalmann Financial Services and thus affiliated with SAA are:

Ladenburg Thalmann Asset Management, Inc. (LTAM) Registered Investment Advisor	100% owned by LTFS
Ladenburg Thalmann & Co., Inc. (LTCO) Broker/Dealer	100% owned by LTFS
Ladenburg Capital Agency Inc. Insurance Company	100% owned by LTFS
Ladenburg Thalmann Annuity Insurance Services, LLC Insurance Company	100% owned by LTFS
Ladenburg Thalmann Alternative Inc. Investment Advisor (exempt from registration)	100% owned by LTFS
Triad Advisors, LLC Registered Investment Advisor, Broker/Dealer & Insurance	100% owned by LTFS
Triad Hybrid Solutions, LLC Registered Investment Advisor	100% owned by LTFS
Highland Capital Brokerage Insurance Company	100% owned by LTFS
Investacorp, Inc. Broker/Dealer	100% owned by LTFS
Investacorp Advisory Services, Inc. Registered Investment Advisor	100% owned by LTFS
SSN Advisory, Inc. Registered Investment Advisor	100% owned by LTFS
Premier Trust, Inc. Trust Company	100% owned by LTFS
KMS Financial Services, Inc. Registered Investment Advisor & Broker/Dealer	100% owned by LTFS
Securities Services Network, LLC Broker/Dealer	100% owned by LTFS

Valor Insurance Agency, Inc. Insurance Company	100% owned by LTFS

Ladenburg Thalmann Asset Management, Investacorp Advisory Services, Inc., Triad Hybrid Solutions, LLC, Triad Advisors, LLC, KMS Financial Services, Inc. and SSN Advisory, Inc. are SEC registered investment advisors and are wholly-owned subsidiaries of Ladenburg Thalmann Financial Services. Ladenburg Thalmann Alternative Inc. is also an investment advisor but is exempt from registration due to its limited regulatory assets under management. We are also affiliated with Ladenburg Thalmann & Co., Inc., Investacorp, Inc., Triad Advisors, LLC., KMS Financial Services, Inc. and Securities Services Network, LLC, which are registered full-service broker/dealers. Triad Advisors, LLC is also a licensed insurance entity, as are Ladenburg Capital Agency, Inc., Highland Capital Brokerage and Valor Insurance Agency, Inc. Ladenburg Thalmann Annuity Insurance Services, LLC is a full-service processing and marketing firm for fixed and equity-indexed annuities.

Due to the interrelationship of these entities, conflicts of interest can arise that are not readily apparent to the client. In the course of its business operations, Securities America Financial Corporation, through its subsidiaries and through Ladenburg Thalmann Financial Services, can engage in marketing re-allowance or sponsorship arrangements with third parties, sub-advisors and brokerage firms to promote the distribution of investment products. These investment products can include variable annuity and insurance products, mutual funds, managed accounts and customized portfolios.

SAI and its registered representatives and SAA, APA and their investment advisor representatives can receive compensation for directing clients to products or services of affiliated Ladenburg companies. In addition, this has the potential to, but may not necessarily, result in additional assets under management with our firm. Ladenburg Thalmann Financial Services can receive earnings from the internal fees of the recommended securities as well as earnings from a portion of the investment advisory fee received by our firm. Therefore, a potential conflict of interest can exist when representatives recommend these products. To address these potential conflicts of interest, SAA has policies and procedures in place to ensure any investment products recommended are suitable for clients, are in clients' best interests and are selected to help meet clients' financial goals and objectives. Refer to the section titled "Compensation for the Sale of Securities or Other Investment Products" for more information.

Ladenburg Thalmann Financial Services is a publicly traded company and has a substantial financial and reputational interest in assuring new and/or additional shares of their securities are being purchased. Our investment advisor representatives can recommend Ladenburg Thalmann Financial Services securities on a non-discretionary basis. We can have an incentive to recommend investment in these offerings because of our affiliation with Ladenburg Thalmann Financial Services rather than investment based on a client's needs. To address this conflict, SAA has policies and procedures in place to make sure Ladenburg Thalmann Financial Services securities are recommended only to clients for whom they are suitable given each client's investment objectives and assets.

Furthermore, because of our affiliation with Ladenburg Thalmann Financial Services, clients might infer a recommendation is being made based on private information known to our investment advisor representative because of the affiliation. Representatives generally do not have access to material non-public information concerning Ladenburg Thalmann Financial Services or its securities. Any recommendation based on such material non-public information would be considered insider trading and a violation of industry regulations. Should representatives become aware of such information they are prohibited from using it in any way. Clients should understand any recommendation to purchase Ladenburg Thalmann Financial Services securities must be based solely on the client's financial needs.

Your representative can recommend Premier Trust to provide trust and administrative services. Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

Your investment advisor can refer you to Ladenburg, Thalmann & Co. for investment banking services and receive a finder's fee if he or she is also a registered representative of SAI.

Your representative can also recommend clients invest in securities issued in an initial public and secondary offering ("new issue") transactions for which LTCO, an affiliated broker/dealer, acts as a manager, an underwriter and/or a member of the selling syndicate or SAA or SAI acts as a member of the selling syndicate. Our firm has a conflict of interest in recommending these securities for several reasons. First, our affiliated broker/dealer, LTCO, receives all or a portion of the gross spread – the difference between the price paid by the client for the security and the price LTCO purchases the security for -- in connection with such sales. This gross spread is generally 7% but can be higher or lower in connection with certain offerings. If our firm is a member of the selling syndicate, we also receive a portion of the gross spread. If your representative is also an SAI registered representative, he or she generally receives a portion of this compensation in that separate capacity. In addition, LTCO has a substantial financial and reputational interest in assuring the offering is successful by having a large number of the securities purchased. Finally, in connection with certain offerings, LTCO has an obligation to purchase and resell a certain number of securities. Thus, because of our affiliation with LTCO, we have incentives to recommend investments in these offerings for these reasons rather than based on a client's 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 suitable given the client's investment objectives and assets. In addition, clients are generally given transaction specific disclosure prior to the client's decision to invest in such securities.

Our Managed Opportunities Strategic Fund Asset Allocation Account Portfolios and Separate Account Portfolios are developed by third-party money managers that are registered investment advisors (collectively referred to as sub-advisors). One or more of these sub-advisors are affiliated entities of SAA.

Our principal executive officers, other employees and representatives can be separately licensed as registered representatives and registered principals of SAI and/or agents or brokers of various insurance companies. As such, these individuals are able to effect securities transactions and can receive separate compensation for effecting any securities transactions. These individuals can spend the majority of their time involved in all or a portion of these activities.

The majority of SAA's representatives are independent contractors and not employees of SAA or SAI. Some representatives can be employees of SAA or our affiliated broker/dealer. Representatives may own, operate, be employed by or otherwise maintain affiliations with other business entities such as insurance agencies, law firms, real estate or mortgage companies, financial planning firms, investment advisors and/or accounting firms. Many of these representatives market their services under a different marketing name and/or as an outside business activity.

SAA conducts its business through a network of independent investment advisor representatives who operate offices located throughout the United States. The representatives may operate under their own business name(s) or "doing business as" names (DBAs). These business names, DBAs and logos may appear on their sales and marketing materials and the representatives may offer and provide other services through those business names and DBAs. However, the representatives must disclose on all materials and correspondence that advisory services are offered through Securities America Advisors, Inc. All sales and marketing materials used by the representatives are reviewed and approved by SAA home office personnel. The business names, DBAs and logos used by the representatives are separate from and are not owned or controlled by SAA. Information about the representatives' other businesses can be found in their respective Form ADV Part 2B Supplemental Brochure, which also contains more detailed information about their educational backgrounds, business experience and disciplinary history (if any).

Certain representatives of our broker/dealer affiliate have their own registered investment advisory businesses. These independent investment advisor firms are separate business entities and are not under common control or ownership with SAA or any of our affiliated subsidiaries. Advisory services and recommendations provided under agreement with an independent investment advisor is solely the responsibility of the independent investment advisor, not SAI. The independent investment advisor firms market these services under a different marketing name and/or under an outside business activity.

Both SAA and independent investment advisor representatives can be separately registered as representatives of SAI, our affiliated broker/dealer, and can use SAA programs when managing their clients' assets. Your representative can engage our firm to assist them in providing advisory services. In certain circumstances, the separate independent investment advisor firms can perform services similar to those offered by us for fees that may be greater or less than the fees charged by our firm. We will only engage these firms and their associated persons to provide advice on our behalf when the engagement is in compliance with applicable SEC and state regulations. We recommend the use of other investment advisor firms as part of the Managed Opportunities Program, IMAP and other programs. Refer to the "Advisory Business" section for information about these programs.

OSJ managers ("supervisors") who are responsible for the direct supervision of your representative can receive a percentage of commissions or fees as an override to compensate them for their supervisory services. This can be perceived as a conflict of interest. However, your representative and his/her supervisor maintain their independence because they are committed to meeting their client duties and regulatory obligations. Payment of an override, fee or commission is not the determining factor when making a recommendation or providing investment advice. You are under no obligation to purchase products or services recommended by your representative.

Affiliations

We have established an agreement with Hanson McClain Retirement Network, LLC (HMRN), a registered broker/dealer and investment advisor in which the associated persons of HMRN provide consultation and marketing support services to representatives to assist them in obtaining more clients. As a result of this relationship, we pay HMRN a portion of the fees from any clients obtained as a result of the services provided by HMRN.

Banking or Thrift Institution

SAI, our brokerage affiliate, markets its services through banks and thrifts. In some circumstances, investment management services are also marketed through these banks and thrifts, provided that such marketing is done in compliance with applicable SEC and state regulations.

Core Account Investment "Sweep" Vehicle

Each eligible brokerage account has an associated account to hold cash waiting to be reinvested. This account is called a "sweep" account because cash balances are automatically "swept" into the core account investment vehicle. By opening an account with Securities America, you authorize us to establish a core account investment vehicle in the appropriate program. For eligible accounts, those programs are the Insured Cash Account Program and the Bank Deposit Sweep Program. For eligible advisory Individual Retirement Accounts (IRAs), the applicable core account investment vehicle is the Insured Cash Account Program. For all other eligible accounts, the core account investment vehicle is the Bank Deposit Sweep Program. Your representative can help determine if your account is eligible for one of these programs.

If your account is not eligible for either program, we provide access to other core account investment vehicles, including money market funds, to hold cash balances waiting to be reinvested. Securities America can receive a financial benefit (revenue sharing from the money market provider) if cash is placed into money market mutual funds which can present a conflict of interest. Your investment adviser representative will not receive any portion of any revenue received by Securities America. Money market funds can lose value and have done so in the past. In addition, different core account investment vehicles can have different rates of return and different terms and conditions, such as FDIC insurance or SIPC (Securities Investor Protection Corporation) protection. For more information on FDIC insurance, please consult www.FDIC.gov.

If you do not wish to use the applicable core account investment vehicle, we generally will not be able to maintain your account. You are not obligated to use any of our managed accounts and can select a managed account at another broker-dealer where similar programs may not exist. However, you would lose the benefit of having your account managed by your representative and Securities America Advisors. We describe the Bank Deposit Sweep Program and the Insured Cash Account in more detail below.

FDIC Programs

The Insured Cash Account Program and Bank Deposit Sweep Program offer FDIC insurance (FDIC Programs). The maximum amount of FDIC insurance coverage for your deposits in the FDIC Programs is $1.5 million (for an individual account) or $3 million (for a joint account). Funds deposited through the FDIC Programs are not eligible for SIPC coverage. Any deposits you maintain in the same insurable capacity, outside of the FDIC Programs but with a Program Bank, are aggregated with your deposits for purposes of determining the maximum applicable FDIC deposit insurance. You are responsible for monitoring the total amount of your deposits with each Program Bank to determine the extent of FDIC deposit insurance coverage available to you. If you are eligible to participate in the FDIC Programs, you can expect to receive the appropriate disclosure document when you establish or fund your account and we encourage you to review it carefully.

Available cash in your account is deposited through the FDIC Programs into interest-bearing deposit accounts at one or more FDIC-insured depository institutions (i.e., the Program Banks). The list of Program Banks and current interest rates for each FDIC Program is available from your representative and on the Investors section of the Securities America website.

The FDIC Programs can also create financial benefits for our firm, our affiliates, and our clearing firms: National Financial Services, LLC, Member NYSE/SIPC (National Financial Services) and Pershing, LLC, Member FINRA, NYSE, SIPC, and a subsidiary of The Bank of New York Mellon Corporation (Pershing). The revenue generated by us can be greater than revenues generated by sweep options at other brokerage firms. It can also be greater than other core account investment vehicles currently available to you or possible core account investment vehicles we have used in the past or may consider using in the future.

Bank Deposit Sweep Program

Except for advisory IRAs, the Bank Deposit Sweep Program is the core account investment vehicle for eligible accounts custodied at National Financial Services and/or Pershing. The cash balance in an eligible brokerage account is automatically deposited or "swept" into the Bank Deposit Sweep Program, which uses an insured bank deposit account. Our firm may, when allowable, receive a fee from each Program Bank in connection with the respective programs. We will also pay a fee to National Financial Services, Pershing and necessary third-party vendors for the services they provide in conjunction with the program.

Insured Cash Account Program

The Insured Cash Account Program is the core account investment vehicle offered for eligible advisory IRA accounts custodied at National Financial Services and/or Pershing. Each month for any advisory IRA using the Insured Cash Account Program as the core account investment vehicle, a level administrative fee applies for the administrative services performed in operating the program. The level account fee is predetermined by formula, as stated in the Insured Cash Account Program Disclosure Document. We cannot earn income in excess of the stated level account fee. The aggregate interest generated by banks participating in the Insured Cash Account Program is used to pay the level account fee for each individual client and to pay any third-party vendor fees. All interest left over after these payments is then credited to client accounts in the Insured Cash Account Program. A detailed explanation of the method for calculating interest and fees is available in the Insured Cash Account Program Disclosure Documents provided at account opening and on the Investors section of the Securities America website.

Deutsche Bank Insured Deposit Program (DBIDP) Conversion to Total Bank Solutions Deposit Program (TBSDP)

The Deutsche Bank Insured Deposit Program was closed to new accounts in December 2017. Any legacy accounts remaining at that time were custodied at Pershing and continued to participate in the Program until converted by Pershing into the Total Bank Solutions Deposit Program. As of December 2018, all legacy DBIDP accounts have been converted to the TBSDP. The TBSDP is not available for any new accounts. Account owners whose account uses the TBSDP should refer to the disclosure document provided to them (also available upon request from Pershing or your advisor representative) for information on how the TBS Program operates.

Accounting Firm

Representatives may be separately licensed as accountants and may offer accounting services to advisory clients for separate compensation. You are not obligated to use any of these individuals to provide accounting services.

Law Firm

Representatives may be separately licensed as attorneys and, as such, may offer to provide legal advice for separate compensation. You are not obligated to use any of these individuals to provide legal services.

Insurance Company or Agency

Some principal executive officers, representatives and other employees of our firm are agents and/or brokers of various insurance companies. Some individuals are able to effect insurance and/or annuity transactions if you elect to have insurance recommendations implemented and can receive separate compensation when doing so. You are not obligated to use any of these individuals for insurance product purchases, but are free to use any insurance agent or insurance broker you choose.

We have arrangements that are material to our advisory business with related persons who are insurance companies or agencies. SAI, our broker/dealer affiliate, is also a licensed insurance agency and can receive commissions in connection with the sale of fixed insurance products by registered representatives who are licensed to sell these products. SAI, in addition to receiving commissions on the sale of these insurance products, receives payments from certain insurance sponsors for marketing, training and distribution support. None of these additional payments are paid or directed to any registered representative/insurance agent who sells these products. The registered representative/insurance agent does not receive a greater or lesser commission for sales of these insurance products from which our broker/dealer affiliate receives revenue sharing payments. However, the marketing, educational and distribution activities paid with revenue sharing could potentially lead a registered representative/insurance agent to focus more on products offered by insurance sponsors that make revenue sharing payments to our broker/dealer affiliate, than those of sponsors that do not make such payments when recommending insurance products to their clients.

Pension Consultant

Representatives may be separately engaged in providing pension-consulting services. If you are in need of these services, you may engage these individuals for separate and typical compensation. You are not obligated to use any of these individuals to provide this service. In addition, representatives may establish relationships with outside parties that provide pension-consulting services. In such instances, representatives may refer you to pension consultants and may receive a solicitor referral fee. Such arrangements are fully disclosed to you at the time of referral.

Real Estate Broker or Dealer

Representatives may be separately licensed as real estate agents. As such, these individuals will, for a separate commission or fee, provide real estate brokerage and/or appraisal services for clients who require these services. You are not obligated to use these individuals for real estate services.

Recommendation or Selection of Other Investment Advisors for Our Clients and Compensation Received

For a discussion of our compensation arrangements involving the recommendation or selection of other investment advisers for our clients, refer to the section titled “Client Referrals and Other Compensation.”

Board of Directors

Members of the Securities America 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.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Conflicts of Interest

Conflicts of interest that can arise in the course of providing investment management services are described throughout this brochure, as are some of our policies and procedures designed to address specific conflicts of interest, such as our Code of Ethics and personal trading practices.

We have a compliance program in place that is intended to identify, mitigate and, in some instances, prevent actual and potential conflicts of interest, ensure compliance with legal and regulatory requirements and ensure compliance with client investment guidelines and restrictions. Our compliance program includes written policies and procedures we believe to be reasonably designed to prevent violations of applicable law and regulations.

We maintain various committees which provide oversight and review of compliance across functional boundaries, including several operating committees whose membership is comprised of personnel from the impacted business area(s). These committees receive input from compliance and legal personnel as appropriate to help ensure compliance with some of these policies and procedures. Some of the key committees (or subcommittees) supporting our compliance program efforts include those committees (or subcommittees) responsible for proxy voting, trading, best execution and new products.

Code of Ethics

We have established a Code of Ethics to comply with the requirements of Section 204A-1 of the *Investment Advisers Act of 1940* reflecting our fiduciary obligations and those of our supervised persons and requiring compliance with federal securities laws. Our Code of Ethics covers all individuals who are classified as "supervised persons." All Securities America employees (including Securities America Financial Corporation, SAA and SAI), SAA officers, SAA directors, SAA representatives and their associated persons are classified as supervised persons. We require our advisory affiliates and their supervised persons to consistently act in their clients' best interests in all advisory activities. We impose certain requirements on our advisory affiliates and supervised persons to ensure they meet the firm's fiduciary responsibilities to their clients. The standard of conduct required is higher than ordinarily required and encountered in commercial business and includes compliance with applicable federal securities laws and regulations and with the Code of Ethics. Under the Code of Ethics, supervised persons who are required to report their personal securities holdings and transactions, may be required to pre-clear certain investments or may be restricted with respect to the timing of certain investments or prohibited from making certain investment. All supervised persons are required to conduct all personal trades through designated broker/dealers unless an exception has been granted.

This response is only intended to provide you with a summary description of our Code of Ethics. If you wish to review our Code of Ethics in its entirety, a copy can be obtained by calling us at (800) 747-6111 or writing to the RIA Compliance Department at Securities America, Inc., 12325 Port Grace Blvd, La Vista, NE, 68128.

Participation or Interest in Client Transactions

SAI, our affiliated broker/dealer, can execute securities transactions on our behalf or on behalf of your representative. SAA, SAI and/or your representative can receive advisory fees and broker/dealer commissions for the sale of securities placed under our management. Receiving compensation from a variety of sources can be considered a conflict of interest. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

We will process brokerage security transactions through SAI so long as we determine that executing the transactions through our affiliated broker/dealer fulfills our duty of best execution. We consider certain factors when selecting a broker/dealer and determining the reasonableness of commissions. Refer to the section titled “Brokerage Practices” for more information.

Representatives can sell mutual fund, unit investment trust, collective investment trust and insurance products offered by subsidiaries of Ladenburg Thalmann Financial Services. Therefore, a potential conflict of interest can exist when representatives recommend these products because Ladenburg Thalmann Financial Services stands to receive earnings from the internal fees of the recommended securities as well as earnings from a portion of the investment advisory fee received by our firm. Representatives are not under any obligation to sell these products or to meet any selling quotas related specifically to these products. Refer to the section titled “Other Financial Industry Activities and Affiliations;” we encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

Managers recommended in the Independent Managed Assets Program determine the brokers to be used for client trades within program accounts. In certain circumstances, and when consistent with the manager’s fiduciary obligation of best execution, trades can be effected through SAI and its representatives, who will receive separate compensation for implementing these transactions. You should review the disclosure documents of the Independent Managed Assets Program manager to determine if these managers block trades, negotiate commissions and/or obtain volume discounts. Refer to the section titled “Other Financial Industry Activities and Affiliations.”

Policy Regarding Engaging in Agency Cross Transactions in Advisory Accounts

It is SAA’s policy to prohibit agency cross transactions where representatives act as brokers for both buying and selling a single security between two different clients where representatives are compensated through an agency commission or principal mark-up for the trades. If we adopt a different policy in this area, we will observe all rules and regulations in accordance with the disclosure and consent requirements of Section 206(3) of the *Advisers Act*. Additionally, we are aware that such transactions can only occur if we can ensure that we meet our duty of best execution for the client.

Policy Regarding Engaging in Principal Trading Involving Advisory Accounts

Ladenburg Thalmann & Co., Inc., our affiliate, acts as a dealer with respect to certain securities and as such can execute transactions for SAA clients as a principal unless the account is covered under ERISA. Principle transactions are prohibited in ERISA accounts. As a dealer, Ladenburg Thalmann & Co., Inc. will receive a "mark-up," "mark-down," and/or spread in the net price at which principal transactions are executed. This compensation is in addition to other compensation paid to SAA and its affiliates under your advisory program. Thus, SAA has a conflict of interest in deciding to execute trades through Ladenburg Thalmann & Co., Inc. on a principal basis. SAA has policies in place to address this conflict of interest. After receiving disclosures about a specific principal transaction with Ladenburg Thalmann & Co., Inc., clients have the opportunity to reject the transaction before it is completed, to the extent required by applicable law. In addition, SAA has policies and procedures in place to assure clients receive best execution with respect to principal trades, regardless of whether the trade is executed by Ladenburg Thalmann & Co, Inc. or an unaffiliated dealer.

Personal Trading

SAA, representatives and our supervised persons can buy, sell or hold a position in securities identical to the securities recommended to you, at or about the same time they or a related person buys or sells the same securities for their own or a related person’s account. It is SAA’s policy that no supervised person will put his or her interest before your interests. SAA and our representatives may not trade ahead of any client or trade in a way that would cause the supervised person to obtain a better price than the price a client would obtain.

Pre-Clearance and Restricted Securities Policy

Due to our affiliation with another investment company, investment advisors and broker/dealers, we maintain a Restricted and Pre-Clearance Equity List which can limit our firm and the representative's ability to transact in certain equities on your behalf in a discretionary advisory program. Your representative may not be able to place certain transactions or may experience delays in submitting certain transactions on your behalf based on any pre-clearance or pre-approval requirements implemented by the firm. You can receive a worse price than what you might receive if you placed the transaction through another investment advisor representative not affiliated with SAI and not subject to any trading restrictions. These trading restrictions are subject to change without notice.

Insider Trading Policy

SAA and our supervised persons may come into possession of material non-public information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, our firm and our supervised persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client. Accordingly, should SAA or our supervised persons come into possession of material non-public information with respect to any company, we and they are prohibited from communicating such information to, or using such information for the benefit of, our respective clients. In addition, we and they have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, our clients when following policies and procedures designed to comply with law.

SAA and our affiliated entities have adopted an "Insider Trading Policy" in accordance with Section 204A of the *Advisers Act* which establishes procedures to prevent the misuse of material non-public information by our firm and our supervised persons. If your representative maintains a personal investment account with another advisory firm or broker/dealer, your representative must make arrangements with that outside firm or broker/dealer to send at least quarterly statements to SAI. The representative must complete an annual certification concerning his or her personal securities activities and provide such additional information about personal trading activities as may be required under the Insider Trading Policy and the Code of Ethics. Supervised persons who violate this policy will be subject to sanctions imposed by our firm.

Policy Governing Contributions to Local and State Elected Officials and Candidates

SAA requires that its supervised persons seeking to make a political contribution to or volunteer for a state or local candidate, political action committee or political party pre-clear their contributions or activity through the firm. We do not require our supervised persons to pre-clear contributions to federal candidates unless the candidate is currently a state or local government official running for federal office. However, we do require supervised persons to notify us of any contributions made to or volunteer activity done on behalf of federal candidates, political action committees or political parties. SAA and your representative will also be subject to local and state pay-to-play rules in addition to federal securities rules and regulations.

ITEM 12. BROKERAGE PRACTICES

We do not receive research or other products or services other than execution from a broker/dealer or third-party for client securities transactions.

Brokerage services are made available through National Financial Services, Pershing and/or Fidelity Institutional Wealth Services. SAA, SAI or another affiliated company have an agreement with the clearing firms to introduce customer accounts to the clearing firm on a fully disclosed basis. In exchange, these firms provide clearing and execution services for transactions that are executed for our customers. On SAA's behalf, SAI approves and opens accounts and accepts securities order instructions with respect to the accounts.

SAI has a referral arrangement with NFS, whereby SAI receives compensation from NFS based on the amount of certain SAI client assets currently custodied by NFS and transferred to the advisory platform maintained by Fidelity Institutional Wealth Services Group (IWS), a division of NFS' affiliated company, Fidelity Brokerage Services, LLC. The assets are transferred by representatives, as well as by representatives who terminate their registration with SAI and FINRA and conduct business as an investment advisor representative of an independent registered investment advisor (IRIA). SAI may recommend the IWS advisory platform and provide ongoing service and support to IRIAs who are also representatives of SAI. IRIAs are under no obligation to transfer client assets to IWS and do not receive any additional compensation or remuneration for selecting IWS. Similarly, clients do not incur any additional fees or expenses as a result of payment of compensation by NFS to SAI.

Generally, brokerage transactions are processed by SAI and cleared by National Financial Services or Pershing. In the Participant Retirement Program, transactions are cleared by Fidelity Institutional Wealth Services. National Financial Services, Pershing and Fidelity Institutional Wealth Services are not affiliated with SAA or SAI. We have also entered into agreements with various insurance companies that allow for the managing and valuation of client's variable annuity accounts within our Financial Advisors Program, Managed Opportunities Advisor Directed Portfolios accounts and other advisory programs as well as accounts created through our providing retirement plan advisory services. Fixed and fixed indexed annuities can be linked to your Financial Advisors Program and Managed Opportunities Program accounts but are excluded from fee billing calculations as well as management and/or valuation services. The insurance company custodians maintain custody of all annuity accounts. SAA and SAI do not act as a custodian for any account. Generally, SAA and SAI do not maintain custody of client funds or securities. Outside custodians maintain custody of all funds and securities. Because some of the programs described in this document allow for the direct deduction of advisory fees from client accounts, SAA, SAI or your representative can be deemed to have limited custody of client assets. SAA and SAI can also be deemed to have limited custody for certain transmittal policies. For example, SAI can be deemed to have limited custody by giving you the ability to transfer funds between accounts you own and that are titled in the same name or, if you specifically request it, transferring funds between accounts you own that are titled in different names. SAI can also be deemed to have limited custody by giving you the ability to have funds sent from your account to your address of record or, if you specifically request, to some other address. Outside custodians maintain custody of all funds and securities.

Selecting Brokerage Firms

We recognize your unrestricted right to select and choose any broker or dealer you wish, except in situations where SAA or a recommended manager is given discretionary authority over your account. We will process brokerage security transactions through SAI, our affiliated broker/dealer, so long as we determine that executing the transactions through SAI fulfills its duty of best execution. Refer to the section titled "Best Execution" for information as to the factors considered by our firm when selecting a broker/dealer.

Stocks, bonds and other securities can be traded in managed accounts and are subject to normal spreads, mark-ups and mark-downs paid to market makers of those securities. SAI does not make markets in securities. SAI and SAA do not receive any portion of the spreads, mark-ups or mark-downs.

Transaction charges can apply to securities sales, purchases and exchanges. The charges vary for mutual funds, variable products, stocks, bonds and option transactions. Factors that determine transaction charges include size of purchase, type of transaction, mutual fund family, variable product sponsor, the representative involved and processing method (on-line/phone/systematic). Full transaction charges cannot apply to certain transactions associated with mutual fund product sponsors participating in the Strategic Partners Program (see description below). At the representative's discretion, he/she can pass these transaction charges to you.

For more information on these transaction charges or commissions, please ask your representative or visit www.securitiesamerica.com under Investors/Investor Information.

Step Out Trades

Generally, SAA routes trades directly to SAI and/or the custodian(s) of record. In certain program accounts, some investment products (e.g., certain thinly traded securities, illiquid or ETFs) can occasionally be "stepped out" to other broker/dealers in order to gain best execution, minimize market impact, access new issues or specialized securities, receive research and other soft dollar services or for operational efficiency. In some instances, stepped out trades are executed by the other broker/dealer without any additional commission, mark-up or mark-down. In other instances, the executing broker/dealer may impose a commission, mark-up or mark-down on the trade. If trades are placed with a broker/dealer that imposes a commission or equivalent fee on the trade (including a commission imbedded in the security price), the client will incur trading costs in addition to the wrap fee paid to his or her representative. Due to the additional costs incurred, managers engaging in step-out trades will generally cost more than managers who do not utilize step-out trades.

In Managed Opportunities accounts, Envestnet generally routes trades directly to the custodian(s) of record. However, clients should be aware that Envestnet and its sub-managers can trade away or step out transactions to another broker/dealer. These transactions often involve certain thinly traded securities, illiquid or ETF trades and can be made in order to obtain best execution and minimize market impact. In some instances, these stepped out trades are executed by the other broker/dealer without any additional mark-up or mark-down. In other instances, however, the executing firm can impose a commission, mark-up or mark-down. If these additional fees are charged, the client will incur trading costs in addition to the wrap fee paid to your representative. These additional charges are often imbedded in the wrap fee and not shown separately on confirmations or statements.

Clients using Lockwood programs should be aware that program sub-advisors can trade away or step out transactions from the Lockwood platform and the usual clearing and custody services provided by Pershing. When sub-advisors place trades with another broker/dealer, the transactions typically incur additional costs such as commissions, mark-ups or mark-downs. Often, these additional costs are included in the execution prices paid by clients but may not be shown separately on confirmations or statements. Therefore, sub-advisors engaging in step-out trades will generally cost more than subadvisors not trading away.

Compensation and Reimbursement of Expenses to Ladenburg Thalmann and Representatives

Ladenburg Thalmann Financial Services Inc. and its affiliates, which include Ladenburg Thalmann & Co. Inc., Securities America, Inc., Triad Advisors, LLC, Securities Service Network, LLC, Investacorp, Inc. and KMS Financial Services, Inc. (together "Ladenburg Thalmann"), and their representatives receive revenue from several sources on the products and services you purchase. These sources include fees and charges you pay and other arrangements we have in place with affiliated and non-affiliated entities (e.g., sales charges, commissions, periodic fees, periodic expenses paid from product assets, a portion of the organization and offering fees and expenses for REITs, limited partnerships and other non-public securities offerings).

We can also receive additional payments called revenue sharing payments and/or marketing allowances from certain product sponsors under special agreements with those firms ("Strategic Partners".) Additional details concerning the Strategic Partners Program and Non-Publicly Traded Products are set forth below. We also maintain revenue and marketing allowance payment programs involving certain REITs. Representatives of product sponsors, often referred to as "wholesalers," work with Ladenburg Thalmann and its representatives to promote their products. These product sponsors are generally granted access to our representatives to promote their products. Consistent with rules set out by FINRA, these wholesalers and/or their firms may pay Ladenburg Thalmann for training or education of our representatives. Product sponsors also make payments to Ladenburg Thalmann to promote the marketing of their products to clients, including covering in whole or in part the cost of seminars for clients and potential clients. These firms also invite representatives to due diligence or continuing education meetings regarding their products. From time to time Ladenburg Thalmann allows its representatives to attend off-site training sessions sponsored or co-sponsored by these product sponsors. Ladenburg Thalmann prohibits promoting any product, including those issued by fund families, insurance carriers or sponsors, over another based solely on additional payments or other considerations received from the sale or marketing of products. Representatives are required to make recommendations to clients based on client needs and objectives; however, receiving reimbursements could create an incentive to your representative to recommend products that provide such payments. We encourage you to talk with your representative about any fees or compensation they receive from the sale of investment products.

Ladenburg Thalmann and its affiliates are also affiliated with SEC registered investment advisory firms (together "Ladenburg Thalmann Advisors"):

- Ladenburg Thalmann Asset Management Inc.
- Securities America Advisors, Inc.
- Arbor Point Advisors, LLC
- Triad Advisors, LLC
- Triad Hybrid Solutions, LLC
- SSN Advisory, Inc.
- Investacorp Advisory Services, Inc.
- KMS Financial Services, Inc.

Ladenburg Thalmann Advisors has also created the Strategic Partners Program for independent investment advisor firms. These independent firms are selected to participate based on several criteria, including investment strategy, investment performance, transaction reporting capabilities and training and wholesaling support. In exchange for certain benefits, such as an opportunity to participate in Ladenburg Thalmann's national conferences and broader access to our representatives, the advisors pay to participate in the Strategic Partners Program by sharing with Ladenburg Thalmann Advisors a portion of the revenue generated by distributing their products and services and or paying a specified annual dollar amount.

Ladenburg Thalmann Advisors representatives can receive reimbursements, marketing and distribution allowances, due diligence fees or other compensation based on deposits and/or assets under management directly from third-party asset manager program sponsors for the costs of marketing, distribution, business and client development, educational enhancement and/or due diligence reviews incurred by Ladenburg Thalmann Advisors and/or Ladenburg Thalmann Advisors representatives relating to promoting or distributing the program sponsor's products or services.

Ladenburg Thalmann Advisors Strategic Partners pay a flat annual fee of up to $400,000 per year. In addition, Strategic Partners can pay basis points on asset sales or a percentage of the Partner's net advisory fee derived from assets invested through their models. It is important to understand that none of the payments made by the Strategic Partners participating in the program are paid or directed to any representative who utilizes the services of these Strategic Partners.

For the most current list of Strategic Partner program participants, ask your representative or visit www.securitiesamerica.com under Investors/Investor information.

Ladenburg Thalmann created the Income Distribution Partner Program for certain third-party money managers, variable product sponsors, mutual fund and fixed insurance product sponsors. These product sponsors are selected to participate based on several criteria including product breadth, investment performance, training, wholesaling support and brand recognition. In exchange for certain benefits, such as broader access to Ladenburg Thalmann representatives, sponsors participating in the Income Distribution Partners Program are required to pay Ladenburg Thalmann for participation. The Ladenburg Thalmann income distribution planning desk is available to assist with developing distribution plans for you. The income distribution plans use suitable products available from both the Income Distribution Sponsor Partners and products on the Ladenburg Thalmann approved product list. Ladenburg

Thalmann representatives using the income distribution desk planning services are not required to use the products included in the proposal and do not receive a greater or lesser commission for using these products. The marketing, educational and distribution activities paid for with revenue sharing, however, could lead representatives to consider products that make revenue sharing payments to Ladenburg Thalmann, as opposed to sponsors that do not make such payments.

For the most current list of Income Distribution Partner Program participants, please ask your representative or visit www.securitiesamerica.com under Investors/Investor Information.

Ladenburg Thalmann focuses on a select group of mutual fund, variable annuity and investment management companies providing them greater access to our representatives to provide training, education presentations and product information. The purpose is to identify creative ways to help these companies increase field visibility, identify meaningful representative networking opportunities, present timely products and grow assets. In return for these increased services, these sponsors compensate Ladenburg Thalmann in the form of revenue sharing payments. In addition to the customary sales commissions paid in connection with sales of mutual funds, variable annuities, third party models and money market funds, these companies make payments to Ladenburg Thalmann to participate in the Program. The payments consist of amounts up to 10 basis points on a sponsor company's sales and up to 5 basis points on assets. In addition, Ladenburg Thalmann can be reimbursed by the Distribution Partner for expenses incurred for various promotional activities including, but not limited to, sales meetings, conferences and seminars held in the ordinary course of business. Ladenburg Thalmann can receive a flat fee of up to $300,000 per year per sponsor for such reimbursements.

For the most current list of Distribution Partner program participants, ask your representative or visit www.securitiesamerica.com under Investors/Investor Information

In addition to revenue sharing received from our custodians and Premier Partners Programs, as described above, we can also participate in revenue sharing arrangements with specific money managers having their own mutual funds and using those funds in their managed programs. In all cases where we receive revenue sharing from managers using their own funds, we reduce the platform fee to the client.

Consistent with prudent product approval practices, SAA can require that an independent due diligence analyst conduct a thorough review of an investment company, investment advisor or one of their products or services prior to making the product or service available for solicitation to the general public by representatives. SAA and SAI can incur costs in connection with the analysis provided by the due diligence analyst. SAA and SAI can in turn require the investment company or investment advisor to reimburse us for such expenses. In addition, SAA and SAI can, at our discretion, require investment companies to pay annual fees to reimburse us for ongoing due diligence and product administration expenses.

Ladenburg Thalmann Initial Public Offering (IPO) Allocations

IPO allocations through Ladenburg Thalmann are only available to clients through investment advisor representatives who have completed SAA's required IPO training. Consequently, advisory clients serviced by a representative who has not received the required training will not be allocated any shares in IPO securities.

Best Execution

SAA will process brokerage security transactions through SAI so long as we determine executing the transactions through our affiliated broker/dealer fulfills our duty of best execution. We consider the following factors when selecting a broker/dealer and determining the reasonableness of commissions:

- Electronic download of trades;
- Balances;

- Efficiencies achieved in utilizing integrated front and back office technology systems;
- A dedicated service team;
- Electronic download of duplicate statements and confirmations; and
- The ability to deduct advisory fees directly from client accounts.

We will exercise reasonable diligence to ensure best execution is obtained for all clients when implementing any client transaction by considering the back office services, technology provided and pricing of services offered. On SAA's behalf, SAI conducts trade reviews to determine that the duty of best execution is being met by its trade execution and clearing firms.

Soft Dollars

SAA does not have any soft dollar arrangements.

Brokerage for Client Referrals

Directed Brokerage

We pay a set commission rate on trades for securities traded with a commission. We do not negotiate commissions on a trade-by-trade basis or directed brokerage basis.

Order Aggregation

While not required by firm policy, SAA and your representative can aggregate client transactions or allocate orders when possible. Mutual funds held in client accounts do not lend themselves to aggregate or block trades. To the extent other securities are purchased that lend themselves to aggregation or block trading (e.g., stocks or exchange traded funds), SAA and your representative can aggregate client transactions or allocate orders whenever possible. SAA and our representatives will allocate trades to advisory clients in a fair and equitable manner that will be applied consistently to all clients. When trades are not aggregated, clients may not enjoy the effects of lower transaction per share costs that often occurs as a result of aggregating trades. As a result, you can pay a higher transaction cost than could be received elsewhere. Personal accounts of representatives, associated persons and family members will not be treated more favorably than any other client account. You should be aware that if an order is not aggregated, you can pay higher brokerage costs.

Handling Trade Errors Made by SAA or a Representative

If SAA or our supervised persons make a trade error in your account, the error will be corrected and your account will be restored to where it would have been had the trade error not occurred. Any profit or loss from the trade correction will be maintained by our firm.

ITEM 13. REVIEW OF ACCOUNTS

Frequency of Account Reviews

Financial Advisors Program, Managed Opportunities Program, Lockwood Program, Participant Retirement Program accounts and other investment advisory agreements (where SAA or the representative is the advisor) are reviewed as needed, as required and as appropriate by SAA supervisors (SAI principals) and your representative. The nature and timing of the reviews can vary by your representative. In all accounts, reviews are conducted at least annually.

Frequency of Financial Plan Reviews

SAI home office staff (and SAI registered principals) review a sampling of each supervised person's financial plans, including written financial planning advice. Compliance and Supervision personnel also conduct periodic reviews of financial advisor activities.

Review Triggers

Factors triggering an account review can include material market, economic or political events, changes in your financial or personal situation or performance of the account in general.

Reports and Account Statements

You will receive monthly statements from the account custodian or clearing firm if your account(s) have activity during the month. If the account does not have any monthly activity, an account statement is provided by the account custodian or clearing firm at least quarterly. The statements will show any activity in the account as well as period ending position balances. You will also receive a confirmation from the custodian or clearing firm of each purchase and sale transaction.

To the extent you receive performance reports, we urge you to compare performance reports received with account statements received from the custodian. Inquiries or concerns regarding the account, including performance reports, should be directed to the representative at the phone number listed on the account statement. Performance information provided by your representative is believed to be accurate but cannot be guaranteed. Your representative can include variable annuity account position information within performance reports. Neither our firm nor your representative can guarantee the accuracy of fund values, securities and other information obtained from third parties.

Clients participating in the Managed Opportunities Program are able to view daily and quarterly performance reports on a website that describes the performance, holdings and other activity in your accounts. The website is maintained on our behalf by a third party. During any month in which there is activity in Managed Opportunities Program accounts, you receive a statement from the account custodian or clearing firm showing the activity in your accounts, as well as positions held in the accounts at month end. You also receive a confirmation of each purchase and sale transaction that occurs within the accounts. If there is no activity in the Managed Opportunities Program account, you receive statements no less than quarterly from the account custodian or clearing firm.

We review the performance information in Managed Opportunities Program accounts to determine its accuracy. Performance information provided by us is believed to be accurate but cannot be guaranteed. We do not guarantee the accuracy of fund values, securities' values and other information obtained from third parties.

Accounts not receiving reports from our firm (e.g., Independent Managed Assets Program) will be reviewed and monitored at the discretion of the representative assigned to the account or the independent investment advisor firm, their representatives and money managers handling the accounts. No other parties review accounts for accuracy of performance information. These individuals are available to answer your questions and to review an account at your request.

For retirement plan advisory services accounts, representatives can furnish to the plan sponsor consolidated performance reports of the model portfolios in the plan at least quarterly. Such reports are provided in accordance with the services agreed upon by the representative and the plan. When such services are contracted for, plan portfolios are reviewed as needed and as appropriate by your representative and also as required by SAA supervisors (SAI principals). Review triggering factors can include material market, economic or political events.

Review of Financial Plans

Financial planning clients may contract for a review and update of their financial plans for a separate fee. Financial plans provided by representatives may be periodically reviewed by Supervision personnel within SAI, our affiliated broker/dealer, on our behalf.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Incoming Referrals – Our Use of Solicitors/Payment of Referral Fee

We enter into agreements with solicitors (referring parties) to refer clients to us. The referral agreements between our firm and referring parties are designed to comply with SEC regulations as set out in 17 CRF Section 275.206(4)-3. If a referred client enters into an investment advisory agreement with our firm, a cash referral is paid to the referring party. Written disclosure regarding the referral fees we pay are provided to you prior to or at the time of entering into our investment advisory or financial planning agreements. The referral fee disclosed to you will be payable to the referring party for the duration of SAA's advisory relationship with you, whether or not our investment or trading strategies or your investment objectives change over time. We will have no further referral fee obligation if the referring parties' representations and warranties outlined in our referral agreement become inaccurate or untrue or if our investment advisory agreement with you is terminated for any reason. In those states that require solicitors to be licensed, we may require the solicitor to be licensed or filed under our registration.

The compensation to be paid in connection with these agreements is subject to negotiation between our firm, the representative and the referring party. The referral agreements between any referring party and our firm do not result in any charges to you in addition to the normal level of advisory fees charged. However, these situations can create a financial incentive to recommend one SAA program over another or over other investment advisors and broker/dealer programs, products and services. The representative or an independent investment advisor firm recommending our programs receives compensation as a result of your participation in our programs.

Fees for investment management can be more than the cost of purchasing the same services separately. You may be able to obtain similar services for a lesser fee from other advisors. The fees charged may vary among investment management services. The amount of compensation a representative may receive in a particular program can be more than would be received if you participated in other programs or paid separately for investment advice, brokerage and other services. In addition, the compensation a representative receives for recommending one portfolio option over another portfolio option may vary. For example, recommending one Managed Opportunities Program portfolio over a Financial Advisors Program portfolio or another portfolio within the Managed Opportunities Program can create a financial incentive for our firm and representative. Your representative is not under any obligation to promote or use one money manager over another. You are not under any obligation to engage these individuals when considering implementing advisory recommendations. You are free to select any broker/dealer you wish to implement recommendations and execute transactions. You can purchase the same investment product from a non-affiliated broker or can implement securities transactions without the services offered by your representative. In that case, you would not receive the services provided by your representative.

In addition, we can award separate non-cash compensation to representatives, independent investment advisor firms and the independent investment advisor representative for client referrals.

Outgoing Referrals - SAA as Solicitor for Other Investment Advisors/Receipt of Referral Fee

We have entered into solicitation agreements with independent third-party investment advisors pursuant to which our firm, the independent investment advisor firm and the representative receive solicitation compensation from the third-party investment advisor in return for referring accounts. SAA's broker/dealer affiliate SAI and the representative, in his or her capacity as a registered representative, can serve as broker/dealer and/or representative of record on accounts managed by the independent third-party investment advisor. In such case, SAI and the representative can receive compensation (e.g., commissions) from the sale of mutual funds, exchange traded funds or variable annuities in such accounts. This compensation can be in addition to the solicitor fee paid by the third-party investment advisor.

We have established a relationship with Ladenburg Thalmann Asset Management's $ymbil program. Representatives of SAA can provide clients access to LTAM's $ymbil program through the individual representative's website. SAA receives a portion of the asset management fee that LTAM charges. These fees can be paid on an ongoing basis and can continue even if your relationship with the representative and/or Securities America is terminated.

We have established a relationship with Hanson McClain Retirement Network, LLC (HMRN), a registered broker/dealer and investment advisor. The associated persons of HMRN provide consultation and marketing support services to the representative to assist representatives in obtaining more clients. As a result of this relationship, SAA pays HMRN a portion of the fees from any clients obtained as a result of the services provided by HMRN.

In some instances, Financial Advisors Program and Managed Opportunities Advisor Directed Portfolios can be managed by third-party registered investment advisors under separate investment management or sub-advisor agreements. In such circumstances, representatives use Financial Advisors Program accounts to provide clients and third-party registered investment advisors with administrative support services and brokerage clearing services through SAI and National Financial Services or Pershing. Third-party registered investment advisor management fees are separate and distinct from our firm's and the representative's fees. Also refer to the section titled "Advisory Business" for more information about the Independent Managed Assets Program.

You should be aware SAA and your representative can receive solicitor/referral fees for recommending certain portfolios to you. Therefore, a potential conflict of interest can exist because these circumstances can result in your representative having a financial incentive to recommend one portfolio over another. However, it is our policy that portfolios will be selected and recommended to you based on your individual needs, goals and objectives. Your representative has no obligation to sell any particular product or to meet any selling quotas related specifically to these products. You are not under any obligation to engage the representative when considering implementing advisory recommendations. You are free to select any broker/dealer you wish when implementing recommendations and executing transactions. You may purchase the same investment product from a non-affiliated broker or could implement securities transactions without the services offered by your representative.

Lead Generation Programs

Our representatives can utilize the services of lead generation or business development firms. Generally, prospects will contact that firm directly or online and receive the names of several financial service providers in the prospect's area. The prospect can then review the list and make a decision whether or not to contact a selected financial service provider. The firm does not provide the prospect any advice or recommendations concerning the list of advisors. Typically, advisors pay a subscription or membership fee to be included in the firm's network or association. In addition, some firms can provide marketing resources.

Other Compensation

SAA or our affiliated broker/dealer, SAI, can form alliances and networking and referral arrangements with financial institutions such as community banks, credit unions, credit union service organizations and farm credit services (Third-Party Financial Institutions). These alliances and arrangements allow representatives to offer financial planning services and certain other non-deposit investment and insurance products and services to customers/members of those Third-Party Financial Institutions. Our firm can lease space in selected branches of the Third-Party Financial Institutions and then sub-lease it to your representative if he or she conducts business from these locations. As a result of these alliances or networking arrangements, your representative may not be able to offer certain products that are otherwise available through our firm. Also, as a result of these alliances or networking arrangements, Third-Party Financial Institutions can receive compensation representing payment for the use of the facilities and equipment of the Third-Party Financial Institutions. Compensation can be in the form of a program support or rent payment and/or a portion of advisory fees or securities and insurance commissions paid to representatives for sales to customer/members of the institutions. If SAA or SAI, refers an existing or new representative to Fidelity Institutional

Wealth Services, SAA receives 3 basis points (.03%) on the assets under management of the referred representative. This fee is not shared with the representative.

These relationships can create compliance issues relative to consumer protection. The joint guidelines of regulators of the depository institution call for, at a minimum, written and verbal disclosure at or prior to the time securities products are purchased or sold. Also, the securities products:

- Are not insured by the Federal Deposit Insurance Corporation or National Credit Union Share Insurance Fund, the Federal Deposit Insurance Corporation, the National Credit Union Administration or any other federal or state deposit guarantee fund or other government agency;
- Are not endorsed or guaranteed by the bank or credit union or their affiliates;
- Are not deposits or obligations of the depository institutions and are not guaranteed by the depository institutions;
- Are subject to investment risks, including possible loss of principal invested.

SAI can also receive reimbursement from the clearing firms it uses for all or a portion of any asset transfer fees you can incur upon the transfer of accounts from other clearing providers. SAI can retain all or a portion of such reimbursements or, at its discretion, can pass through all or a portion of such reimbursements to you and/or its representatives.

Your representative can have an incentive to join and remain affiliated with Securities America through certain compensation arrangements which could include bonuses, enhanced pay-outs, forgivable loans and/or business transition loans. Furthermore, there can be production goals associated with the recommendation of a transaction from your representative. Receiving such compensation can be considered a conflict of interest. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

We can offer incentives to your representative for meeting certain production levels above and beyond compensation he or she receives for selling products and services through Securities America. Receiving incentives can be considered a conflict of interest. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

Our firm, our officers and our representatives can receive reimbursements from marketing and distribution allowances, due diligence fees and travel expenses. Other compensation or reimbursement can also be received based on deposits and/or assets under management directly from third-party asset manager program sponsors for the costs of marketing, distribution, business and client development, educational enhancement and/or due diligence reviews incurred by our firm or your representatives relating to the promotion or sale of the program sponsor's products or services.

Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors can underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements is not predicated on specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or it is anticipated sales will be made.

In order to help cover or defray the costs of transitioning from another registered investment advisor to SAA, our representatives can receive various forms and amounts of transition assistance. Such transition assistance can include a promissory note loan, rent, technology services and equipment, legal expenses, administrative support, termination fees associated with moving accounts and regulatory services. Transition assistance is based on production, reimbursement of fees, free or reduced-cost marketing material, attendance to conferences and events or access to preferred pricing.

Securities America can issue payments in the form of loans to representatives which can be forgivable based on years of service or the extent of their production. This practice can create a conflict of interest because the representative can have a financial incentive to recommend a client engage SAA for advisory services in order for the loan to be forgiven. However, if you engage SAA for an advisor managed account, your representative will obtain the necessary financial data from you, assist you in determining the suitability for the advisor managed account and help you set appropriate investment objectives. Your representative will then be able to purchase and sell securities in accordance with your investment objectives. SAA periodically reviews advisory accounts to ensure suitability and adherence to investment objectives. Please consult with your representative if you have questions regarding this issue.

ITEM 15. CUSTODY

Generally, we do not maintain custody of your funds or securities other than the direct deduction of advisory fees from your accounts within the programs described in the "Advisory Business" section above. However, SAI, our affiliated broker/dealer, can serve as an introducing broker/dealer and collect physical stock certificates or engage in certain asset transmittal practices such that we can be deemed to have custody of such assets. SAI can be deemed to have limited custody of your assets by giving you the ability to transfer funds between accounts you own titled in the same name; or if you specifically request it, transferring funds between accounts you own titled in different names. Because SAI maintains limited custody of our client assets as described above, SAA is required by SEC regulation to undergo an examination at least annually by a qualified independent public accountant. Additionally, SAA must undergo an independent verification of client assets under its control.

Account Statements

You will receive account statements from investment sponsors, brokerage firms, insurance companies and other money managers at least quarterly. You may also receive monthly account statements from investment sponsors, brokerage firms, insurance companies and other money managers monthly if there is any activity in your account. We have verified each custodian or investment provider used for our investment management services is a qualified custodian and provides statements to clients directly at their address of record at least quarterly. We encourage you to carefully review your account statement.

Performance Reports

If you receive performance reports from your representative, we urge you to compare the account statements received directly from your custodians to the performance report statements provided by our firm or your representative. Inquiries or concerns regarding your account, including performance reports, should be directed to SAA, the independent investment advisor firm or your representative.

ITEM 16. INVESTMENT DISCRETION

Limited Discretionary Trading Authority

If you grant SAA or your representative limited discretionary trading authority, we have the authority to determine, without obtaining your specific consent, the securities to be bought or sold, the amount of the securities to be bought or sold and when to buy or sell those securities. Upon receiving the written authority to engage in limited trading authority on your behalf, SAA and your representative will commence engaging in discretionary trading transactions. Discretionary trading authority facilitates placing trades in your accounts on your behalf so that SAA and your representative can promptly implement the investment policy you have approved in writing.

Limited Power of Attorney for Trading

If a limited power of attorney for trading is signed by you, we consult with you prior to placing each trade. You sign a limited power of attorney so we can execute the trades you have approved.

We accept discretionary authority to manage accounts on your behalf. For discretionary clients, we request that you provide written authority to determine which securities and the amounts to be bought or sold. Any limitations on this discretionary authority by you should be included in this written authority statement. You can change/amend these limitations as required. Such amendments must be submitted in writing.

Representatives can enter into separate investment advisory agreements with you to provide investment management services outside of our Financial Advisors Program, Managed Opportunities Program, Lockwood Program and retirement plan advisory services. You can grant the representative written authority to manage assets on a limited discretionary basis to buy and sell securities and investments according to your stated investment objectives.

Account Authorization

The following describes each of the investment strategy options available to clients under the Managed Opportunities Portfolios Program, including the nature of granting discretionary authority with respect to each option selected by client.

When executing a Managed Opportunities Program client agreement, you grant us discretion to select one or more sub-advisors, including those providing administrative, website, performance reporting, transaction order entry and other services to you and our firm. You grant us and any sub-advisor selected by our firm limited discretionary trading authority with respect to the purchase and sale of securities in the Master Account, Strategist Fund Portfolios, Separate Account Portfolios, and Advisor Directed Portfolios and appoint us and any sub-advisor selected by our firm as your agent and attorney-in-fact with respect to the trading authorization. In some programs, discretionary authority to select a broker and to negotiate commissions is typically given to the recommended manager (not available in the Financial Advisors Program and Managed Opportunities Advisor Directed Programs).

When executing a Managed Opportunities Program client agreement, you grant us limited discretionary trading authority with respect to the purchase and sale of securities in the Master Account and Advisor Directed Portfolios and appoint us and any sub-advisor selected by SAA as your agent and attorney-in-fact with respect to the trading authorization.

The Unified Managed Account Portfolios program is a non-discretionary program at the SAA level. However, you will grant any sub-advisor selected limited discretionary trading authority with respect to the purchase and sale of securities in your Unified Managed Account.

When executing a Managed Opportunities Program client services agreement, you acknowledge that the composition of any of the Managed Opportunities Portfolios can change from time to time, causing the portfolio to become more conservative or more aggressive, and that such changes are a normal part of the investment management process. Unless a sub-advisor notifies us of a change in the fundamental investment objectives of a portfolio, our firm and/or your representative will not notify you of such changes or take action to change the investment portfolio selected for you. The initial portfolio or portfolios selected for you are explained on a “Managed Opportunities Program Investment Strategy Summary” document. Any changes to the initial portfolio(s) selection are reflected in a verification update letter mailed to you.

ITEM 17. VOTING CLIENT SECURITIES

Other than the specific Managed Opportunities Program portfolios described in our wrap program brochure, our firm and representatives will not perform proxy voting services on behalf of clients in any other program. If the account is for a pension or other employee benefit governed by ERISA, the right to vote proxies is expressly reserved for the plan’s trustees or other plan fiduciary and not our firm. All proxy notices will be sent directly to you. You should read through the information provided with the proxy materials and make a determination based on the information provided. Upon your request, representatives can provide a recommendation or clarification based on their understanding of issues presented in the proxy materials, but you are solely responsible for all proxy voting decisions.

ITEM 18. FINANCIAL INFORMATION

We do not have any financial impairment that will preclude us from meeting our contractual commitments to you. We do not serve as a custodian for your funds or securities. At no time will fees of more than $1,200 be charged six or more months in advance of services being provided by our firm or a representative. On our behalf, our affiliated broker/dealer, SAI, has established policies and procedures designed to prevent the collection of fees greater than $1,200 six or more months in advance of services being provided. As such, a balance sheet is not required to be provided to you at this time.