

# LPL ENTERPRISE, LLC (“LPLE”) RELATIONSHIP SUMMARY

Effective June 10, 2024

LPLE (referred to as “we” or “us”) is registered with the U.S. Securities and Exchange Commission as a broker-dealer and an investment adviser. We have a network of financial professionals (“Professionals”) who offer brokerage and investment advisory services through us. Brokerage and investment advisory services, and the fees we charge for them, differ and it’s important that you understand the differences. This relationship summary will explain

the various services we offer, how we charge for those services, the conflicts of interest that exist when we provide our services, and the business relationships between us and other companies we work with. To help you research firms and financial professionals, free and simple tools are available at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

## What investment services and advice can you provide me?

Our Professionals offer brokerage services, investment advisory services, or both, depending on their licenses. Each Professional generally provides access to a range of investment products, such as stocks, bonds, exchange-traded funds (“ETFs”), mutual funds, annuities, and alternative investments. We are an affiliate of LPL Financial LLC (“LPL”). LPL serves as our clearing firm and custodian, which means it holds your securities and executes your transactions on our instructions when you open an account with us. For most of our services, we will open an account with LPL on your behalf. We enter into strategic relationships with third-party insurance companies and other financial institutions (each a “Firm”), with whom our Professionals are associated and may be licensed as insurance agents. We work with the Firms to develop a curated shelf of investment products and services. In certain cases, the investment products that a Professional makes available will

be limited to those issued and/or distributed by asset managers and product sponsors affiliated with their Firm along with a limited group of products from third-party sponsors. The investment options available to you may also be limited by the licenses your Professional holds. Either your Professional, their Firm, or your account may also have other requirements, such as investment minimums. We encourage you to ask your Professional about account limitations and requirements.

If your Professional offers you both brokerage and advisory services, your Professional will inform you when he or she offers an investment recommendation or advice, and whether the recommendation or advice is part of a brokerage or advisory service. Some of the key differences between brokerage and investment advisory services are described below.

### Brokerage Services

- Brokerage services include taking your orders and executing your securities transactions; and making recommendations for you to buy, sell, or hold securities.
- In most cases, we provide recommendations to you on specific investments, but you make the final investment decisions for your account.
- We don’t monitor brokerage account investments for the purpose of making changes to your investments, unless we state otherwise in writing.

### Investment Advisory Services

- Some of the investment advisory services we offer include wrap fee programs and non-wrap fee programs; mutual fund asset allocation programs; advisory programs offered by third-party investment advisory firms; financial planning services; retirement plan consulting; investment research; digital advice programs; and other custom advisory services.
- You’ll typically grant us discretion to buy and sell investments in your account without asking you in advance. You may limit our discretion, such as by imposing reasonable restrictions on investing in certain securities or groups of securities. In some investment advisory accounts, you grant investment discretion to another financial institution.
- Some of our investment advisory accounts are nondiscretionary, which means you are required to preapprove each investment transaction that we recommend.
- We’ll typically monitor accounts, and specific investments within accounts, on an ongoing basis to align with your investment goals. However, in financial planning and other limited-scope advisory relationships, we won’t provide ongoing monitoring.

**More detailed information** about our advisory services can be found in the [Form ADV for your advisory program](#). Detailed information about our brokerage services can be found at [Brokerage Compensation Information and Related Conflicts of Interest](#). If viewing a paper version of this form, please visit [lpl.com/lpl-enterprise.html](http://lpl.com/lpl-enterprise.html) for hyperlinks to these documents.

### 🔗 **Questions to ask your Professional:**

- *Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

## What fees will I pay?

Investing is an individual journey, and we want to provide you with options. Below we outline the fees you could be charged for both brokerage and advisory accounts depending on your investment

choices. Fee Schedules for our brokerage and advisory programs can be found on [lpl.com/lpl-enterprise.html](http://lpl.com/lpl-enterprise.html).

### **Fees Associated with Brokerage Services**

- For brokerage services, we charge a transaction-based fee (sometimes referred to as a commission) every time you buy or sell an investment. The amount you pay as a transaction-based fee varies according to the particular investment and amount invested. The more trades you make, the more transaction-based fees we and LPL earn. This creates an incentive to encourage you to trade often.
- For investments in stocks or ETFs, the transaction-based fee is usually charged as a separate commission or sales charge. For dealer transactions, such as investments in bonds, this fee is typically included as part of the price you pay for the investment (called a markup or markdown).
- For investments in certain products like mutual funds, annuities, and alternative investments, we and LPL receive transaction-based fees from the investment product sponsor in the form of asset-based sales charges (e.g., sales loads). These fees are based on the amount invested in a product and, depending on the product, may be based how long you hold the investment. Our and LPL's receipt of asset-based sales loads creates an incentive to recommend products or sponsors that include such charges.

### **Fees Associated with Investment Advisory Accounts**

- For investment advisory services, we typically charge an ongoing quarterly fee (sometimes referred to as an asset-based fee). This fee is a percentage of the value of your account. You pay this fee even if you don't buy or sell investments. The more assets you have in an asset-based fee account, the more you'll pay us in fees. This creates an incentive to encourage you to increase the size of your account, including by transferring or rolling over assets from other accounts. For some types of accounts, there is a per transaction charge payable to LPL in addition to an asset-based fee. We may also charge an hourly fee or fixed fee for additional services such as financial planning and consulting services that are of limited duration or nature.
- For wrap fee program accounts, you will pay us a single asset-based fee for advisory services. This fee also covers most transaction costs and certain administrative and custodial costs associated with your investments. If you expect to trade infrequently or to pursue a "buy and hold" strategy, a wrap fee program may cost you more than paying for the program's services separately, and you may want to consider a brokerage relationship rather than an advisory relationship.
- The fee you pay to your Professional is generally negotiated with him or her directly.

### **Other Fees and Costs**

If applicable to your account, we or LPL will charge you directly for other fees in addition to brokerage commissions and advisory fees, including: (1) account maintenance fees such as custody, trade confirmation processing, corporate actions, and transfer fees; (2) cash management fees such as cash sweep, checking, and wire fees; and (3) investment specific fees such as those for administration of alternative investments or for foreign securities. See the Fee Schedules for our brokerage and advisory programs at [lpl.com/lpl-enterprise.html](http://lpl.com/lpl-enterprise.html) for more information. You should

understand that these fees are not charged by us if your investment is in an account that is held directly with the sponsor, and not in an LPLE or LPL investment account.

You may also incur fees charged by the particular investment product in which you are invested, including mutual funds, ETFs, and other pooled funds, in addition to brokerage commissions and advisory fees charged by us. Some of these fees may be shared, as described below in [Third-Party Payments](#). Certain investment products have significant fees triggered by particular events, e.g.,

annuities may include mortality, expense, and administrative fees, and fees for excessive transfers or early withdrawals.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Detailed information on our advisory fees can be found in the [Form ADV for your advisory program](#). Detailed information on our brokerage fees can be found at [Brokerage Compensation Information and Related](#)

[Conflicts of Interest](#) and, depending on the investment product in which you invest, may be included in the product's prospectus or other offering document. If viewing a paper version of this form, please visit [lpl.com/lpl-enterprise.html](http://lpl.com/lpl-enterprise.html) for hyperlinks to these documents.

**❏ Questions to ask your Professional:**

*Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

## What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means. If you have questions about whether any of these situations could apply to your investments, ask your Professional.

### Third-Party Payments

We or LPL receive compensation from third parties related to investments you make in certain products, including mutual funds, ETFs, annuities, alternative investments, and other investments. This compensation includes ongoing distribution charges (e.g., 12b-1 fees or trail payments), which an investment product charges you and pays to us. We or LPL also receive fees from investment products and/or their sponsors, including your Professional's Firm, for participating in their programs and for recordkeeping and other administrative services we provide in relation to your investments. Because we receive additional cash or non-cash compensation from such sponsors, we have an incentive to recommend their programs over other programs or services. Your Professional also has an incentive to recommend the insurance or proprietary investment products or programs of Firms with which your Professional is affiliated because your Professional's compensation (including in some cases eligibility for benefits) is determined by their Firm and tied to the sale of their Firm's insurance or proprietary investment products. In some accounts we offer, uninvested cash is automatically placed into interest-bearing federally insured bank accounts. LPL receives fees for your participation in these "cash sweep" programs from the banks sponsoring the programs. The fees LPL receives are typically higher than the interest you earn on the cash held in the bank accounts and are in addition to any fees you pay to us. This creates an incentive for you to maintain a cash balance. [Revenue sharing payments](#) are another type of third-party compensation we and LPL receive from sponsors, including Firms, who participate in our marketing programs. These programs support

our product marketing to our Professionals and education and training efforts, and facilitate communications between sponsors and our Professionals. Finally, certain sponsors pay LPL or us to make their investment products available on our platform. Because we receive payments from these third parties, there is an inherent incentive for us to recommend or invest your assets in those investment products. Detailed information regarding third-party payments can be found in the [Third-Party Compensation and Related Conflicts of Interest](#) document on [lpl.com/lpl-enterprise.html](http://lpl.com/lpl-enterprise.html).

### Principal Trading

In brokerage accounts, either we, or our affiliate LPL (for purposes of this paragraph "we"), sometimes directly buy from you or sell to you investments including bonds or certain shares of mutual funds, unit investment trusts ("UITs"), or alternative investments. These are called principal trades. If the principal trade involves a bond, we receive a markup or markdown by either buying the bond from you at a lower price than we will sell it for or by selling the bond to you at a higher price than we bought it for. That creates an incentive for us to either buy the bond from you at the lowest price possible or sell the bond to you at the highest price possible and maximize our profit on the principal trade. In advisory accounts, purchases of mutual funds, UITs, or alternative investments may be processed through LPL's proprietary account, but they do not receive a markup or markdown in these trades. Also, in certain advisory accounts where a third-party investment advisory firm has discretion, LPL trades as principal and receives a markup or markdown.

Detailed information on our conflicts of interest can be found in the [Form ADV for your advisory program](#) and in [Brokerage Compensation Information and Related Conflicts of Interest](#). If viewing a paper version of this form, please visit [lpl.com/lpl-enterprise.html](http://lpl.com/lpl-enterprise.html) for hyperlinks to these documents.

**❏ Questions to ask your Professional:**

*How might your conflicts of interest affect me, and how will you address them?*

## How do your financial professionals make money?

Our Professionals are independent contractors of LPLE, but they are also employees or independent contractors of the Firm. The agreement between each Firm and LPLE sets out payments we make to the Firm or your Professional. LPLE may pay all or a portion of any remuneration generated by your Professional to the Firm or its affiliate who then pays your Professional. Otherwise, Professionals will receive a portion of the advisory fee you pay or the commissions or markups/markdowns from your trades. Receiving a portion of the fees or commissions you pay to us creates an incentive for your Professional to encourage you to increase your account size or trade more frequently. We or the Firm may also compensate Professionals based on production, including payments based on the amount of client assets they service and the products they sell. Our Professionals receive different levels of compensation for selling different types of investments or services. This could include, for example, a share of the 12b-1 fees, trail payments, or sales loads paid to us by an investment product or a share of revenue related to insurance products paid to a Firm. Although your Professional must recommend investment products or manage your account in your best interest, these additional forms of compensation create an incentive for them to recommend specific financial products.

Our Professionals may receive compensation from us or their Firm in other ways. The other compensation we pay includes: transition assistance if he or she moves to LPLE from another company (loans,

advance payment of advisory fees, and/or waiving or reducing other costs associated with transitioning their business); waived or reduced costs and fees (e.g., for administrative services that we provide for your accounts, attending our conferences and events, and free or reduced-cost marketing materials); and may also include equity awards in our parent company, LPL Financial Holdings Inc. Your Professional may receive some or all of these types of compensation from their Firm, depending on the Firm, or may receive compensation related to the sale of proprietary insurance or investment products that increase the revenue paid to the Firm. These other types of compensation paid by LPLE or a Firm gives Professionals a financial incentive to transition their business to or maintain their business with us or their Firm and a financial interest in the success of our or their Firm's business.

Your Professional is legally required to act in your best interest and not put his or her interests ahead of your own. We have systems in place to mitigate the conflicts of interest that arise from the way he or she makes money, including systems to review whether a recommendation is in your best interest. More information on compensation can be found at [Brokerage Compensation Information and Related Conflicts of Interest](#). If viewing a paper version of this form, please visit [lpl.com/lpl-enterprise.html](http://lpl.com/lpl-enterprise.html) for a hyperlink to this document.

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## Do you or your financial professionals have legal or disciplinary history?

Yes. Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research LPLE, LPL and our Professionals.

### ❏ **Questions to ask your Professional:**

*As a financial professional, do you have any disciplinary history? For what type of conduct?*

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## Additional Information

Please visit the Disclosures page on [lpl.com/lpl-enterprise.html](http://lpl.com/lpl-enterprise.html) for more information, including a copy of the agreement for the account and/or program you are considering, the Form ADV Brochure for any advisory program you are considering, detailed information on our brokerage services under [Brokerage Compensation and Related Conflicts of Interest](#), and more information regarding our brokerage and advisory programs under [Third Party Compensation and Related Conflicts of Interest](#). We are affiliated with other investment firms, including LPL. You can find the relationship summary for LPL at [lpl-financial-relationship-summary.pdf](#). More information on our affiliations can be found in the [Form ADV for your advisory program](#) or on our website at [lpl.com/lpl-enterprise.html](http://lpl.com/lpl-enterprise.html).

If viewing a paper version of this form, please visit [lpl.com/lpl-enterprise.html](http://lpl.com/lpl-enterprise.html) for hyperlinks to cross-referenced documents.

**To request up-to-date information or a copy of this relationship summary, please call us at (800) 558-7567.**

### ❏ **Questions to ask your Professional:**

*Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*

# LPL FINANCIAL LLC (LPL) RELATIONSHIP SUMMARY

Effective March 31, 2022

LPL (referred to as “we” or “us”) is registered with the U.S. Securities and Exchange Commission as a broker-dealer and an investment adviser. We have a network of financial professionals (“Professionals”) who offer brokerage and investment advisory services. Brokerage and investment advisory services, and the fees we charge for them, differ, and it’s important that you understand the differences. This relationship summary will

explain the various services we offer, how we charge for those services, and conflicts of interest that exist when we provide our services. To help you research firms and financial professionals, you can access free and simple tools at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

## What investment services and advice can you provide me?

Our Professionals offer brokerage services, investment advisory services, or both, depending on their licenses. Each Professional generally provides access to a range of investment products, such as stocks, bonds, exchange-traded funds (ETFs), mutual funds, annuities, and alternative investments. Please note that the range of investment options available to you may be limited depending on the licenses your Professional holds or if he or she is located at a financial institution that does not offer certain options. Your Professional or account program may also have specific

requirements, such as account or investment minimums. We encourage you to ask your Professional whether any investment limitations or account requirements apply.

If your Professional offers you both brokerage and advisory services, your Professional will inform you when he or she offers an investment recommendation or advice, and whether the recommendation or advice is part of a brokerage or advisory service. Some of the key differences between brokerage and investment advisory services are described below.

### Brokerage Services

- Brokerage services include taking your orders and executing your securities transactions; making recommendations for you to buy, sell, or hold securities; and holding your securities for safekeeping (known as having “custody” of your securities).
- In most cases, we provide recommendations to you on specific investments, but you make the final investment decisions for your account. We also have a program available through a limited number of financial institutions in which you make investment decisions on your own without any recommendations from us.
- We don’t monitor brokerage account investments for you, unless we state otherwise in writing.
- We may provide brokerage services (but not investment recommendations) to you if your Professional is providing advisory services through a separate investment advisory firm.

### Investment Advisory Services

- Some of the investment advisory services we offer include wrap fee programs and non-wrap fee programs; mutual fund asset allocation programs; advisory programs offered by third-party investment advisory firms; financial planning services; retirement plan consulting; investment research; digital advice programs; and other custom advisory services.
- You’ll typically grant us discretion to buy and sell investments in your account without asking you in advance. You may limit our discretion, such as by imposing reasonable restrictions on investing in certain securities or groups of securities. In other investment advisory accounts, you grant investment discretion to another financial institution.
- Some of our investment advisory accounts are nondiscretionary, which means you are required to preapprove each investment transaction that we recommend.
- We’ll typically monitor accounts, and specific investments within accounts, on an ongoing basis to align with your investment goals. However, in limited-scope consulting or advisory relationships, we won’t provide ongoing monitoring.

**More detailed information** about our advisory services can be found in the [Form ADV for your advisory program](#). Detailed information about our brokerage services can be found at [Brokerage Compensation Information and Related Conflicts of Interest](#). If viewing a paper version of this form, please visit [lpl.com/CRS](http://lpl.com/CRS) for hyperlinks to these documents.

### 🔗 Questions to ask your Professional:

- *Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

## What fees will I pay?

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- For investments in stocks or ETFs, the transaction-based fee is usually charged as a separate commission or sales charge. For investments in bonds, this fee is typically included as part of the price you pay for the investment (called a markup or markdown).
- For investments in certain products like mutual funds, annuities, and alternative investments, we receive transaction-based fees from the investment product sponsor in the form of asset-based sales charges (e.g., sales loads). These fees are based on the amount invested in a product and, depending on the product, may be based on how long you hold the investment. Our receipt of asset-based sales loads creates an incentive to recommend products or sponsors that include such charges.

### Fees Associated with Investment Advisory Accounts

- For investment advisory services, we typically charge an ongoing quarterly fee (sometimes referred to as an asset-based fee). This fee is a percentage of the value of your account. You pay this fee even if you don't buy or sell investments. The more assets you have in an asset-based fee account, the more you'll pay us in fees. This creates an incentive to encourage you to increase the size of your account, including by transferring or rolling over assets from other accounts. For some types of accounts, there is a per transaction charge in addition to an asset-based fee. We may also charge an hourly fee or fixed fee for additional services such as financial planning and consulting services that are of limited duration or nature.
- For wrap fee program accounts, you will pay us a single asset-based fee for advisory services. This fee also covers most transaction costs and certain administrative and custodial costs associated with your investments. If you expect to trade infrequently or to pursue a "buy and hold" strategy, a wrap fee program may cost you more than paying for the program's services separately, and you may want to consider a brokerage relationship rather than an advisory relationship.
- The fee you pay to your Professional is generally negotiated with him or her directly, and subject to different maximums, depending on the advisory program selected.

### Other Fees and Costs

If applicable to your account, we'll charge you directly for other fees in addition to brokerage commissions and advisory fees, including: (1) account maintenance fees such as custody, trade confirmation processing, corporate actions, and transfer fees; (2) cash management fees such as cash sweep, checking, and wire fees; and (3) investment specific fees such as those for

administration of alternative investments or for foreign securities. See the Fee Schedules for our brokerage and advisory programs at [lpl.com](http://lpl.com) for more information. You should understand that these fees are not charged by us if your investment is in an account that is held directly with the sponsor, and not in an LPL investment account.

You may also incur fees charged by the particular investment product in which you are invested, including mutual funds, ETFs, and other pooled funds, in addition to brokerage commissions and advisory fees charged by us. Some of these fees may be shared, as described below in [Third-Party Payments](#). Certain investment products have significant fees triggered by particular events, e.g., annuities may include mortality, expense, and administrative fees, and fees for excessive transfers or early withdrawals.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Detailed

information on our advisory fees can be found in the [Form ADV for your advisory program](#). Detailed information on our brokerage fees can be found at [Brokerage Compensation Information and Related Conflicts of Interest](#) and, depending on the investment product in which you invest, may be included in the product's prospectus or other offering document. If viewing a paper version of this form, please visit [lpl.com/CRS](http://lpl.com/CRS) for hyperlinks to these documents.

**📌 Questions to ask your Professional:**

*Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

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## What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

*When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means. If you have questions about whether any of these situations could apply to your investments, ask your Professional.*

### Third-Party Payments

We receive compensation from third parties related to investments you make in certain products, including mutual funds, ETFs, annuities, alternative investments, and other investments. This compensation includes ongoing distribution charges (e.g., 12b-1 fees or trail payments), which an investment product charges you and then pays to us. We also receive fees from investment products and/or their sponsors for recordkeeping and other administrative services we provide in relation to your investments. In some accounts we offer, uninvested cash is automatically placed into interest-bearing federally insured bank accounts. We receive fees for your participation in these “cash sweep” programs from the banks sponsoring the programs. The fees we receive are typically higher than the interest you earn on the cash held in the bank accounts and are in addition to any fees you pay to us. This creates an incentive for LPL if you maintain a cash balance in your account. [Revenue sharing payments](#) are another type of third-party compensation we receive from sponsors who participate in our marketing programs. These programs support our product marketing to our Professionals and for education and training efforts, and facilitate communications between sponsors and our Professionals. Finally, certain sponsors pay us to make their investment products available on our platform. Because we receive

payments from these third parties, there is an inherent incentive for us to recommend or invest your assets in those investment products. Detailed information regarding third-party payments can be found in the [Third-Party Compensation and Related Conflicts of Interest](#) document on [lpl.com](http://lpl.com).

### Principal Trading

In brokerage accounts, we sometimes directly buy from you or sell to you investments including bonds or certain shares of mutual funds, unit investment trusts (UITs), or alternative investments. These are called principal trades. If the principal trade involves a bond, we receive a markup or markdown by either buying the bond from you at a lower price than we will sell it for or by selling the bond to you at a higher price than we bought it for. That creates an incentive for us to either buy the bond from you at the lowest price possible or sell the bond to you at the highest price possible and maximize our profit on the principal trade. In advisory accounts, purchases of mutual funds, UITs, or alternative investments may be processed through our proprietary account, but we do not receive a markup or markdown in these trades. Also, in certain advisory accounts where a third-party investment advisory firm has discretion, we trade as principal and receive a markup or markdown.

Detailed information on our conflicts of interest can be found in the [Form ADV for your advisory program](#) and in [Brokerage Compensation Information and Related Conflicts of Interest](#). If viewing a paper version of this form, please visit [lpl.com/CRS](http://lpl.com/CRS) for hyperlinks to these documents.

**📌 Questions to ask your Professional:**

*How might your conflicts of interest affect me, and how will you address them?*

## How do your financial professionals make money?

Our Professionals are primarily independent contractors, although a portion are employees or employees of an affiliated company. The agreement between each Professional and LPL sets out the payments we make to them. Those who provide investment advisory services receive a portion of the advisory fee you pay. Professionals who provide you brokerage services receive a portion of the commissions or markups/markdowns from your trades. Receiving a portion of the advisory or brokerage fees you pay to us creates an incentive for them to encourage you to increase your investment account size or trade more frequently. We also compensate Professionals based on production, including payments based on the amount of client assets they service and the products they sell. In addition, our Professionals receive different levels of compensation for selling different types of investments or services. This could include, for example, a share of the 12b-1 fees, trail payments, or sales loads paid to us by an investment product. Although your Professional must recommend investment products or manage your account in your best interest, these additional forms of compensation create an incentive for them to recommend specific financial products.

Our Professionals may receive compensation from us in other ways, including:

- Transition assistance if he or she moves to LPL from another company. This assistance can include forgivable loans, advance payment of advisory fees, and/or waiving or reducing other

costs associated with transitioning the Professional's business. This assistance creates an incentive to migrate and maintain business on our platform from another investment platform, and to sell or recommend the sale of investments held in an account if we do not offer those investments.

- Waived or reduced costs and fees (e.g., for administrative services that we provide for your accounts, attending our conferences and events, and free or reduced-cost marketing materials). These waived and reduced costs and fees create an incentive for Professionals to associate with us instead of other financial firms.
- Equity awards in our parent company, LPL Financial Holdings Inc., which give your Professional an incentive to remain with us during the vesting period applicable to his or her stock holdings (the period of time before the stock is unconditionally owned). This also gives the Professional a financial interest in the success of our business.

Your Professional is legally required to act in your best interest and not put his or her interests ahead of your own. We have systems in place to mitigate the conflicts of interest that arise from the way he or she makes money, including systems to review whether a recommendation is in your best interest. More information on compensation can be found at [Brokerage Compensation Information and Related Conflicts of Interest](#). If viewing a paper version of this form, please visit [lpl.com/CRS](http://lpl.com/CRS) for a hyperlink to this document.

## Do you or your financial professionals have legal or disciplinary history?

Yes. Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research LPL and our Professionals.

### ❏ **Questions to ask your Professional:**

*As a financial professional, do you have any disciplinary history? For what type of conduct?*

## Additional Information

Please visit the [Disclosures page on lpl.com](#) for more information, including a copy of the agreement for the account and/or program you are considering, the Form ADV Brochure for any advisory program you are considering, detailed information on our brokerage services under [Brokerage Compensation and Related Conflicts of Interest](#), and more information regarding our brokerage and advisory programs under [Third Party Compensation and Related Conflicts of Interest](#).

Please visit the [Investor Regulatory & Educational Resources page](#) on [lpl.com](http://lpl.com) to learn more about how to determine your investment objective and risk tolerance, among other items.

We are affiliated with other investment firms. If your Professional works with Fortigent, LLC, you can find the relationship summary for that firm at [lpl.com/fortigent.html](http://lpl.com/fortigent.html). More information on our affiliations can be found in the [Form ADV for your advisory program](#).

If viewing a paper version of this form, please visit [lpl.com/CRS](http://lpl.com/CRS) for hyperlinks to cross-referenced documents.

**To request up-to-date information or a copy of this relationship summary, please call us at (800) 558-7567.**

We also encourage you to review the general information provided by the U.S. Securities and Exchange Commission regarding investing, choosing an investment professional, and related considerations, available by visiting [Investor.gov](http://Investor.gov).

### ❏ **Questions to ask your Professional:**

*Who is my primary contact person? Is he or she a representative of an investment adviser or a broker dealer? Who can I talk to if I have concerns about how this person is treating me?*



## ACCOUNT PACKET

# PERSONAL WEALTH PORTFOLIOS (PWP) ACCOUNT AGREEMENT

This Account Agreement ("Agreement") is entered into by and among LPL Financial LLC ("LPL"), a registered investment adviser and broker-dealer, LPL Enterprise, LLC, a registered investment adviser and broker-dealer ("LPLE"), the LPLE Investment Adviser Representative indicated in Section V of the Account Application attached hereto ("IAR"), and the client indicated in Section I of the Account Application ("Client" or "you"), pursuant to which Client will open an account ("Account") with LPL and LPLE for the purpose of participating in the Personal Wealth Portfolios Program ("Program"). Notwithstanding any other provision of this Agreement to the contrary, the advisory services to be provided under this Agreement by either LPL or LPLE shall not begin until your Account paperwork has been accepted by LPL and LPLE at their home office as being in good order. LPL's and LPLE's acceptance of the Account will generally occur within 15 business days, but can take longer in certain circumstances, from the day completed paperwork is received by LPL and LPLE. A description of the services to be provided and the parties providing the services are set forth below.

### 1. PERSONAL WEALTH PORTFOLIOS PROGRAM

Under the Program, Client authorizes LPLE, through its IAR, on a discretionary basis to select a model portfolio ("Portfolio") from asset allocation model portfolios designed by LPL. LPLE, through its IAR, will then select third party investment advisors ("PWP Advisors") who will provide investment models to LPL, mutual funds or exchange-traded funds ("ETF") within each asset class of the Portfolio in which to invest consistent with the investment objective chosen by Client. Client will also authorize LPL or PWP Advisors on a discretionary basis to purchase and sell mutual funds, ETFs, closed-end funds ("CEFs"), exchange-traded notes ("ETNs") and equity and fixed income securities, and to liquidate previously purchased securities.

LPLE, through IAR, will obtain the necessary financial data from Client, assist Client in determining the suitability of the Program and assist Client in setting an appropriate investment objective. LPLE, through IAR, will initiate the steps necessary to open an Account. Client understands that the investment objective selected for the Account in the Account Application is an overall objective for the entire Account and may be inconsistent with a particular holding and the Account's performance at any time. Client understands that achievement of the stated investment objective is a long-term goal for the Account.

For any month that there is activity in the Account, LPL will prepare a periodic account statement showing Account activity as well as positions held in the Account at month or quarter-end. If Client so elects in the Account Application, Client will not receive a confirmation of the transactions that occur within the Account, but confirmation details for the transactions will be displayed on the periodic brokerage statement. Clients may request to receive confirmation statements by contacting IAR, and may rescind the election at any time upon written notice to LPL. LPL will provide client annual performance information describing Account performance. Additional performance information is available upon request. By signing the Account Application, you authorize LPL to combine statements as instructed by you through IAR and understand that such instructions will mean that LPL will share your account information with members of the combined group. LPL will confirm such instructions after receipt of the request. Client understands that it is important to review promptly confirmations, account statements, disclosures, and other documents and communications that LPL or LPLE provides. Client agrees to notify LPL or LPLE promptly if anything in the account documents appears inaccurate or suspicious.

The minimum Account size is \$250,000. In certain instances, LPL will permit a lower minimum account size.

Client may make cash additions to the Account at any time in any amount, but such deposits may remain in cash until certain conditions are met, including conditions related to trade size and position deviation from the target allocation. If previously purchased securities are deposited and subsequently liquidated (i.e., because they are not included as investments in the selected Portfolio), the cash proceeds from such liquidation will be invested in the same manner as described for cash additions. Client may withdraw Account assets upon notice to IAR, subject to Section 8 below. In the event Client withdrawals cause the Account asset value to fall below the required minimum, Client understands that this Agreement may be subject to immediate termination under the provisions of Section 8.

LPL may accommodate requests for all or a portion of the assets in the Account to remain allocated to cash for a period of up to 90 days. After the expiration of that time period, LPL will reinvest the Account according to the model portfolio selected. Note



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that the Advisory Fee will continue to be charged on the value of all assets in the account, including cash holdings. Interest rates earned in LPL's cash sweep program may be lower than the interest rates available to deposits directly with a bank or other depository institution outside of the program or to investments in a money market fund or other cash equivalent.

Customized cash requests, liquidation requests in connection with withdrawals, and changes to the portfolio or investment objective selected may take up to 5 business days to process, and, in certain circumstances, may take longer. Client understands that the Program is designed as a long term investment program and that asset withdrawals (or requests to allocate all or a portion of Account assets into cash) will affect the performance of the Account.

IAR may, in their sole discretion and as agreed from time to time with Client, provide financial planning or financial consulting services to Client on behalf of LPLE under this Agreement at no additional cost. IAR may also, in its sole discretion, require Client to enter into a separate agreement with LPLE with an agreed upon fee for financial planning or financial consulting services. The scope and duration of any financial planning and consulting services will be agreed upon at the time of the services and may or may not include a written, customized financial plan.

LPL and LPLE each reserve the right to accept or reject this Agreement in its sole discretion and for any reason.

#### 2. APPOINTMENT OF LPL

Client hereby grants LPL full discretion to invest in accordance with a model portfolio of securities (a, "Model") provided to LPL by a PWP Advisor except as described below for municipal security Models. LPL will have full discretion to invest in accordance with the Models provided or to select other investments. For example, LPL may not execute small trades. In addition, it is expected that there will be times when LPL will not be able to invest in specific fixed income securities provided in the Models due to either the illiquid nature of certain issues or certain market conditions. In those circumstances, LPL will attempt to invest in fixed income securities with similar characteristics as those in the Models. For clients in California and New York, if tax-free fixed income securities are selected, the PWP Advisor will attempt to limit the fixed income securities purchased to state-specific, tax free fixed income securities, however, the PWP Advisor may also include non-state specific securities.

Except as described below for municipal security Models, Client understands and acknowledges that LPL, and not LPLE, IAR or the PWP Advisor, is making the investment decisions for the Account, subject to any restrictions Client may provide as described below.

#### 3. TRADING AUTHORIZATION

Client hereby grants LPL complete and unlimited discretionary trading authorization with respect to the purchase and sale of mutual funds, ETFs, CEFs, ETNs and equity and fixed income securities and the liquidation of previously purchased securities in the Account. If a Portfolio is selected that includes a municipal security Model ("Muni Model"), Client hereby grants the PWP Advisor for that Model complete and unlimited discretionary trading authorization with respect to the purchase and sale of fixed income securities and the liquidation of previously purchased fixed income securities for the portion of the Account invested according to the Muni Model (the "Muni Sleeve"). Although the PWP Advisor has discretion over the Muni Sleeve, LPL has ultimate discretion over the entire Account and reserves the right to exercise discretion over securities in the Muni Sleeve (e.g., to rebalance the Account or to liquidate securities for withdrawal requests). Client hereby appoints LPL, LPLE, through IAR, and the PWP Advisor (in the case of a Muni Model) as agent and attorney-in-fact with respect to such trading authorization. Client authorizes LPLE, through IAR, to appoint from time to time other PWP Advisors to take discretion over a portion of the Account managed according to that PWP Advisor's Model.

Client may also provide LPL with written instructions to not purchase certain equity securities, specific industries, specific sectors, and certain pre-defined categories (e.g. "sin" stocks). In the event that client restrictions prevent the investment in certain securities otherwise specified by a PWP Advisor, assets will be invested pro-rata across the remaining securities in the Model. Client understands that such restrictions will not apply to any mutual funds, ETFs or fixed-income securities that may be held in the Account. Client also understands that restrictions placed on the Account can affect the performance of the Account



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and that LPL may choose not to accept an Account with restrictions that are inconsistent with the investments chosen by LPL or as specified by the PWP Advisor.

LPL accommodates requests to perform tax harvesting, which may include using the proceeds of tax-related transactions to purchase appropriate securities (such as ETFs) for an account. In such case, proceeds of tax-related transactions may be held in cash or securities until appropriate wash sale periods have expired. Once the wash sale period has expired, the related proceeds will be invested according to the Portfolio selected. Similarly, LPL may delay a tax harvesting request to sell securities acquired in the previous 30 days until the wash sale period has expired. In order to permit trading in a tax-efficient manner, Client further expressly grants LPL, LPLE, or, in certain circumstances, the PWP Advisor the authority to select specific tax lots when liquidating securities within the Account. Other than as described in Section 16 LPL and LPLE are not authorized to withdraw or transfer any money, securities, or property either in the name of Client or otherwise. Client understands that IAR is prohibited from taking personal possession of Client securities, stock powers, monies or any other personal or real property in which Client may have an interest. In addition, Client understands that IAR may not lend to or borrow from Client any monies or securities. Client further agrees not to enter into any other business relationship with IAR including, but not limited to, helping to capitalize or finance any business of IAR.

Client understands that PWP Advisors, LPL, LPLE, IAR and/or their affiliates perform advisory and/or brokerage services for various other clients, and that each of the parties may give advice or take actions for those clients that differ from the advice given or the timing or the nature of any action taken for the Account. In addition, each of the parties may, but is not obligated to, purchase or sell or recommend for purchase or sale any security which each of the parties or any of their affiliates may purchase or sell for their own accounts or the account of any other client. Client also understands that cash awaiting investment or reinvestment will be invested in a money market mutual fund, insured cash account ("ICA") or deposit cash account ("DCA") at the discretion of LPL or LPLE and that certain fees and expenses shall be incurred in connection with the money market fund, ICA or DCA, which are in addition to the Account Fee.

Client authorizes LPL in its discretion to aggregate purchases and sales of securities for the Account with purchases and sales of securities of the same issuer for other clients. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the Account will be deemed to have purchased or sold its proportionate shares of the securities involved at the average price obtained. For partially filled orders, the LPL will generally allocate trades pro-rata or on some other basis consistent with the goal of treating all clients equitably over time.

Securities held in the Account, which are in "street name" or are being held by a securities depository, are commingled with the same securities being held for other clients of LPL. Client ownership of these securities is reflected in LPL's records. Client has the right at any time to require delivery of any such securities which are fully paid for. The terms of many bonds allow the issuer to partially redeem or "call" the issue prior to the maturity date. Certain preferred stocks are also subject to being called by the issuer. Whenever any such security being held by LPL is partially "called", LPL will determine, through a random selection lottery process as prescribed by the Depository Trust Company ("DTC"), the ownership of the securities to be submitted for redemption without regard to unsettled sales. In the event that such securities owned by Client are selected and redeemed, the Account will be credited with the proceeds. Should Client wish not to be subject to this random selection process, Client must instruct LPL to register and deliver the securities to Client. Delivery will be effected provided that Client's securities are unencumbered or have not already been called prior to the receipt of Client's instructions. If Client takes delivery of the securities, they are still subject to call by the issuer and they will no longer be considered assets in the Account for management purposes. The probability of one of Client's securities being called is the same whether they are held by Client or by LPL for Client. Please refer to the "Marketing & Trading Disclosures" section on [lpl.com/disclosures.html](http://lpl.com/disclosures.html) for LPL's Call Securities Lottery Disclosure. In addition, a detailed description of the random selection procedure is available upon request.

Consistent with the overriding principle of best execution, LPL directs orders in equity securities to exchanges and market makers based on an analysis of their ability to provide rapid and quality executions. In an effort to obtain best execution for equities, LPL may consider several factors, including price improvement opportunities (executions at prices superior to the then prevailing inside market on OTC or national best bid or offer for listed securities).



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In no event will LPL, LPLE, or IAR be obligated to effect any transaction for Client which they believe would violate any applicable state or federal law, rule or regulation, or the rules or regulations of any regulatory or self-regulatory body.

This trading authorization is a continuing one and shall remain in full force and effect and be relied upon until LPL, PWP Advisor, LPLE and IAR have received a copy of a written termination notice, which writing will be deemed to terminate this Agreement effective upon receipt.

#### 4. PROXIES AND CORPORATE ACTIONS

LPL shall be responsible for voting proxies solicited by, or with respect to, the issuers of any securities held in the Account on Client's behalf, unless Client directs otherwise in writing. LPL will vote proxies in accordance with its proxy voting policies and procedures then in effect, which will include engaging one or more third party proxy advisor vendors to make proxy voting recommendations and handle the administrative functions of voting proxies. In the case of voluntary corporate actions, LPL will follow the instructions or default election of the PWP Advisors without reviewing Program clients' individual interests. LPL reserves the right to vote proxies or take corporate actions inconsistent with the recommendations of third-party proxy advisor vendors or PWP Advisors, if it determines such actions are in the best interests of Program clients.

If Client is a plan subject to ERISA (as defined below), LPL shall vote client proxies in accordance with LPL's obligations under ERISA and applicable Department of Labor Regulations. Client may expressly retain the right and obligation to vote any proxies or exercise any voluntary corporate actions relating to securities held in the Account; provided, that Client provides prior written notice to LPL and LPLE.

LPL, LPLE and IAR shall not be obligated to render any advice or take any action on behalf of Client with respect to any legal proceedings, including bankruptcies, involving securities or other investments held in the Account, or the issuers thereof. Client hereby retains the right and obligation to take action with respect to legal proceedings relating to securities held in the Account.

Client hereby designates LPL, as a broker-dealer and registered investment adviser, to receive all prospectuses, annual reports, and disclosure statements for mutual funds held in the Account. Client retains the right to rescind this designation by notifying LPL in writing. Client may request mutual fund prospectuses and reports from LPLE, through IAR.

#### 5. CLIENT AUTHORITY/ERISA AND RETIREMENT ACCOUNTS

If Client is a corporation, the party executing this Agreement on behalf of Client represents that execution of this Agreement has been duly authorized by appropriate corporate action, and the party executing the Agreement has the authority to enter into this Agreement on behalf of corporation.

If this Agreement is entered into by a trustee or other fiduciary, including but not limited to someone meeting the definition of "fiduciary" under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of (i) an employee benefit plan subject to the fiduciary provisions of ERISA (an "ERISA Plan"), (ii) a "plan" within the meaning of Section 4975(e) of the Internal Revenue Code of 1986 (the "Code"), (iii) any entity whose assets are treated as "plan assets" for purposes of ERISA or Section 4975 of the Code (a "Plan Asset Entity"), or (iv) a plan, trust or entity subject to laws similar to the fiduciary duty provisions of ERISA or the prohibited transaction rules under Section 4975 of the Code (each of the foregoing, including any related trust or funding vehicle, a "Plan" and, collectively, "Plans"), such trustee or other fiduciary ("Responsible Plan Fiduciary") represents and warrants that Client's participation in the Program is permitted by the relevant governing instrument of such Plan and laws applicable to such Plan, and that Client is duly authorized to enter into this Agreement on behalf of such Plan.

If Client is an ERISA Plan or a Plan Asset Entity holding assets of one or more ERISA Plans, Responsible Plan Fiduciary additionally represents and warrants that the Responsible Plan Fiduciary executing and delivering this Agreement on behalf of Client is a "named fiduciary" (as defined under ERISA) who has power under the ERISA Plan(s) to appoint LPL and IAR to provide services under this Agreement. If Client is a Plan, Client shall obtain and maintain during the term of this Agreement any bond required by ERISA or other applicable law with respect to fiduciaries and shall include LPL, PWP Advisors, and LPLE



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within the coverage of such bond. If Client is an ERISA Plan or Plan Asset Entity holding assets of one or more ERISA Plans, this Agreement, the Account Application, and the PWP Program Form Brochure include disclosures required to be provided to an ERISA Plan under ERISA Section 408(b)(2). The 408(b)(2) Disclosure Guide attached hereto contains a guide to this important information that Client should consider in connection with the services to be provided by LPL to the Plan. Responsible Plan Fiduciary agrees that it has been provided all disclosures required to be provided by the Department of Labor Regulations under ERISA Section 408(b)(2) in connection with the Program and has determined that the compensation Client pays for the services provided under this Agreement is reasonable.

If Client is an ERISA Plan or a Plan Asset Entity holding assets of one or more ERISA Plans, Client acknowledges that it has sole responsibility for compliance with the restrictions on investment in employer securities under Section 407 of ERISA. Client further acknowledges that LPL, LPLE, and IAR only undertake responsibility with respect to assets of Client allocated to the Account and do not have responsibility for making decisions regarding the following types of assets: employer securities; real estate (except for real estate funds and REITs); self-directed brokerage accounts; participant loans; non-publicly traded partnership interests; other non-publicly traded securities (other than collective trusts, unitized models and similar vehicles); or other hard-to-value securities or assets. If Client is an ERISA Plan or a Plan Asset Entity holding assets of one or more ERISA Plans, Client acknowledges and agrees that (i) the Responsible Plan Fiduciary assumes full responsibility for making the investment decision to invest assets of Client in the Account and is aware of and has taken into consideration its fiduciary duties (including, without limitation, the diversification requirements of Section 404(a)(1)(C) of ERISA), (ii) the decision to invest assets of Client in the Account was made by a Responsible Plan Fiduciary that is independent of LPL, LPLE, and IAR and the Responsible Plan Fiduciary has not relied and is not relying on LPL, LPLE, or IAR to provide any kind of investment advice with respect to Client's decision to invest assets in the Account, (iii) neither LPL, nor LPLE, nor IAR, nor any of their affiliates shall be responsible for compliance by Client with the provisions of ERISA requiring that investments of Client be diversified, (iv) the Responsible Plan Fiduciary has sole responsibility with respect to decisions regarding the allocation of Client's assets and has considered the liquidity constraints of the Account and overall liquidity needs of Client in making the decision to invest Client assets in the Account, (v) the investment of Client assets in the Account does not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or any similar law, and (vi) in providing services under this Agreement, neither LPLE, nor LPL, nor IAR have or will have any discretionary authority or discretionary responsibility in the administration of the Plan or interpretation of the Plan documents, the determination of participant eligibility, benefits, or vesting, or the approval of loans or distributions by the Plan, and neither LPL, nor LPLE, nor IAR is the "administrator" of the Plan as defined in ERISA or undertakes any responsibility with regard to the operation of the Plan (including, without limitation, the Plan's contribution, loan, or distribution provisions), or the Plan's compliance with ERISA or the Code.

If the Account is being managed for a particular participant in a Plan (a "Self-Directed Account"), the term Client as used in this Agreement refers to the Responsible Plan Fiduciary and the participant, and both the Responsible Plan Fiduciary and participant must sign the Account Application. In the case of a Self-Directed Account, Client represents to LPL and LPLE that the Plan's governing documents (including any applicable adoption agreement) and laws governing the Plan permit the participant to self-direct his or her investment of all assets in the Account. If LPL or LPLE receives trade instructions from participant, rather than from the Responsible Plan Fiduciary or its designee, such as a trustee, plan administrator or other delegate, Client represents that the Plan's governing documents, including any procedures established by the Responsible Plan Fiduciary, and laws governing the Plan permit the participant to provide trade instructions directly to LPL and LPLE.

In the case of a Self-Directed Account, although the Plan's governing documents allow participant to direct investments of the Account, the Plan trustee(s) remains the legal owner of the assets in the Account, and the rules regarding withdrawals, contributions and other actions are primarily governed by the Plan documents, including any related trust agreement. If participant is entitled to a distribution or withdrawal from the Account, Client is aware that an LPL distribution/withdrawal request will need to be authorized and directed by the Responsible Plan Fiduciary in addition to participant's authorization requesting the transaction. If participant invests through this Account, in place of designated investment options as may be provided by the Responsible Plan Fiduciary under the Plan, if applicable, Client acknowledges that the services (including



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investments) under this Agreement may be different, and the fees may be higher, than if participant invested through those designated Plan investment options. Client understands that the investment objective for this Account will be based on the investment objective of the participant as provided in the Account Application, and generally will be different from the investment objectives of other Plan accounts for different participants of the same or different Plans.

LPL and LPLE provide services under this Agreement as advisers under the Investment Advisers Act of 1940 (the "Advisers Act"). To the extent that LPL or LPLE, respectively, have or exercise discretionary authority under this Agreement with respect to the management of assets of the Account (or otherwise provides "investment advice" under the Account Agreement as defined under Section 3(21) of ERISA or Section 4975 of the Code with respect to assets of the Account), LPL or LPLE, respectively, acknowledges that it will be deemed a "fiduciary" as such term is defined under Section 3(21) of ERISA or Section 4975 of the Code, as applicable, with respect to such advisory services. This acknowledgement of status under ERISA is not intended to create or expand any "fiduciary" relationship, capacity, or obligations of LPL, LPLE, and IAR under other federal, state or local laws. Client is solely responsible for considering all relevant services, fees and conflicts of interest applicable to the services contemplated under this Agreement (and related disclosures) before making a decision to participate in the Program, or to contribute to or withdraw assets from the Program. Client understands and agrees LPL, LPLE, and IAR does not undertake to act as a "fiduciary" within the meaning of ERISA or Section 4975 of the Code or provide any advice with respect to the Client's decision to participate in the Program, accept the terms and conditions of the Agreement, or to contribute to or withdraw assets from the Account. To the extent that IAR serves as the Client's financial advisor of record, such relationship is independent of a relationship between the Client's employer-sponsored benefit plan ("Plan") and LPL and Plan understands that neither LPL nor LPLE is providing advice to Plan through or alongside the IAR. Plan will make such decisions independently from LPL and LPLE, and should consider whether to seek the advice of counsel or other independent experts as necessary. Client will make such decisions independently from LPL, LPLE and IAR, and should consider whether to seek the advice of counsel or other independent experts as necessary. LPL, LPLE, and IAR each acknowledge that, to the extent they are authorized in Sections 1, 2,3 and 4, as in effect at any given time, to exercise discretionary authority to manage, acquire, or dispose of assets of the Account, they will be a fiduciary and serve as an "investment manager," as such term is defined under Section 3(38) of ERISA. As discussed herein, LPL, LPLE and IAR do not undertake to provide advisory services under this Agreement nor become fiduciaries to any Plan until the Account has been accepted by LPL and LPLE.

Client agrees to furnish LPL, LPLE, and IAR with such documents as they shall reasonably request with respect to the foregoing. Client further agrees to advise LPL, LPLE, and IAR of any event that might affect this authority or the validity of this Agreement.

#### 6. CONFLICTS OF INTEREST

LPL is appointed by Client as the custodian of the assets in the Account and as the broker-dealer to process securities transactions for the Account. Securities transactions for the Account are effected through LPL without commissions being paid to LPL or LPLE.

If a Portfolio is selected that includes a Muni Model, the PWP Advisor will have discretion to purchase and sell securities within the Muni Sleeve of the Account and may choose to execute transactions through a broker-dealer other than LPL. In such case, the execution price may include a commission, mark-up or mark-down, or other charges in addition to the Account Fee. LPL and PWP Advisors (in the case of a Muni Model) may aggregate transactions for Client with other clients to improve the quality of execution.

Client should be aware that certain mutual funds held in the Account charge fees such as 12b-1, sub-transfer agent, networking and omnibus processing fees, a portion of which is received by LPL. The amount of such fees is described in the mutual fund's prospectus under fund expenses and is also reflected on the fund's financial statements. Any 12b-1 fees paid to LPL by mutual funds held in the Account (other than cash sweep money market funds ("Sweep Funds") described in Section 19 below) will be credited to the Account.

Client understands that the share class offered for a particular mutual fund through the Program in many cases will not be the least expensive share class that the mutual fund makes available. As a result, LPL will not achieve best execution for purchases of share classes that are more expensive because the recordkeeping and other expenses make it a more expensive share class than Client otherwise would be eligible to purchase had LPL chosen to make that share class available. Client understands that



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another financial services firm may offer the same mutual fund at a lower overall cost to the investor than is available through the Program.

LPL has fee arrangements with investment advisors or distributors (“sponsors”) of mutual funds, ETFs, annuities, alternative investment products, and structured products that are available for purchase in an Account, called revenue sharing. Under these arrangements, the sponsor pays LPL a fee based on the amount of client assets invested in the sponsor’s products or a fixed fee, and LPL provides marketing support, data analytics, and administrative services to the sponsor and allows the sponsor to access LPL and LPLE IARs so that the sponsor can promote such products. Client understands that this type of arrangement gives LPLE a financial incentive to have its clients invest in participating products instead of products whose sponsors do not make such payments to LPL.

Under the Program, LPLE and its IARs offer advisory services on the premises of financial institutions that are unaffiliated with LPLE, like insurance companies, based on an arrangement between LPLE and the financial institution. Such advisory services are offered by LPLE and not the financial institution, and IAR’s compensation is determined by the financial institution, subject to approval by LPLE. LPLE has entered into agreements with the financial institutions pursuant to which LPLE typically shares compensation, including a portion of the Account Fee, with the financial institution. Instead of paying the IAR the portion of the Account Fee, LPLE shares the Account Fee with the financial institution with which the IAR is affiliated, and the financial institution pays part of that amount to IAR. The compensation plan determines how the IAR’s compensation is structured. The amount of compensation may be more or less than what IAR would receive if Client participated in other LPL or LPLE programs or services, including advisory versus brokerage services. Therefore, IAR will have a financial incentive to recommend a particular service or product if under the compensation plan the recommended product will result in more compensation to the IAR than another product or service. However, if an IAR is recommending an advisory program or service, he or she must believe that the program or service is suitable and in the best interests of the client in accordance with the applicable standards under the Advisers Act.

Some of these financial institutions are affiliated with investment product sponsors, meaning that the investment products are sponsored or selected by the financial institution. An IAR located on the premises of a financial institution has a conflict of interest when IAR encourages clients to invest in that financial institution’s proprietary investment products recommended by IARs because the financial institution considers the placement of those products in determining the IAR’s compensation and because the sale of those products is necessary for the IAR to remain in good standing with the financial institution. Certain IARs are statutory employees of financial institutions that are affiliated with investment product sponsors, which means they receive benefits and insurance as part of their employment arrangement with those financial institutions. To be statutory employees, such IARs must sell their affiliated investment product sponsors’ products as their principal business activity, which creates a conflict of interest because such forms of non-cash compensation incentivize IARs to recommend proprietary products. In addition, when an affiliated investment product is selected for an account, the financial institution receives a portion of the Account Fee pursuant to the agreement between LPLE and the financial institution and its affiliate receives fees from the affiliated investment product. Because affiliates of the financial institution earn fees and other benefits from the affiliated product, the financial institution has an incentive to select its affiliated products based on the compensation and benefits its affiliates receive rather than on a client’s needs. Note that IAR does not receive additional compensation from the financial institution for selecting affiliated products and IAR may only recommend an investment product that he or she believes is appropriate for clients.

In addition, LPL and LPLE employees and IARs receive additional cash or non-cash compensation from investment product sponsors, which may not be tied to the sales of any products. Compensation may include bonuses, awards, gifts of a nominal value, an occasional dinner or ticket to a sporting event, reimbursement in connection with educational meetings or marketing or advertising initiatives, or other things of value.

LPLE also provides other forms of compensation to financial institutions, such as bonuses, awards or other things of value offered by LPL or LPLE to the institution. For example, LPLE pays financial institutions based on overall business production and/or on the amount of assets serviced in all LPL advisory programs, including PWP, or specific to assets in PWP. Therefore, the amount of compensation from LPLE can be more than what the financial institution would receive if the client participated in LPLE advisory



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programs other than PWP, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. As a result, the financial institution can have a financial incentive to recommend a PWP account over other programs and services. Such instances create a potential conflicts of interest whereby the financial institution earns additional compensation. However, LPLE intends to make all recommendations independent of such considerations and based solely on their obligations to consider Client's objectives and needs.

LPL receives compensation based on the amount of the assets invested in the money market fund available for investment in the Account in connection with LPL's marketing support programs. The source and nature of compensation, if any, received in conjunction with trades or the money market fund for the Account will be furnished upon written request to LPL.

LPL does not receive compensation for directing orders in equity securities to particular broker-dealers or market centers for execution.

LPL credits to the Account funds belonging to Client such as dividends, interest, redemptions, and proceeds of corporate reorganizations on the day such funds are received by LPL. These funds come to LPL from issuers and various intermediaries in which LPL is a participant, such as DTC. Information regarding when LPL credits the Account with funds due to the Account, when those funds are available to the Account, and/or when Client begins earning interest on the funds is available from LPL.

In connection with servicing the Account, Client acknowledges and agrees that Client will be charged by LPL certain incidental miscellaneous fees and charges. These fees are set out in the Miscellaneous Account and Service Fees Schedule attached hereto. These fees include, for example, an account termination fee for processing a full account transfer to another financial institution. LPL makes available a current list of these fees on its website at [lpl.com/disclosures.html](http://lpl.com/disclosures.html). These fees are not directly based on the costs of the transaction or service by LPL, often include a profit to LPL, and certain of the fees are lowered or waived for certain clients. These fees are subject to change at the discretion of LPL. You will be notified of these charges and any changes through information provided with your periodic statements. These fees and charges shall continue until thirty (30) days after LPL has notified Client in writing of any change in the amount of the fees or charges applicable to the Account, at which time the new fees or charges will become effective unless Client notifies LPL in writing that the Account is to be closed.

#### 7. LIMITATION OF LIABILITY

To the fullest extent permitted under applicable law, LPL, LPLE, IAR, and their officers, directors, employees, and affiliates shall not be liable for any loss incurred with respect to the Account, except where such loss directly results from such party's negligence or misconduct. Client acknowledges that LPL, LPLE, and IAR and their employees are not agents of each other or of any of their affiliates, and that no party shall be liable for any act or omission of another party or their agents or employees. Nothing in this Agreement shall in any way constitute a waiver or limitation of any rights which Client may have under federal or state securities laws (or ERISA, where applicable).

Client further understands that there is no guarantee that Client's investment objectives will be achieved. LPL, LPLE, and IAR shall not have any liability for Client's failure to inform LPLE, through IAR, in a timely manner of any material change in Client's financial circumstances which might affect the manner in which Client's assets are allocated, or to provide LPLE, through IAR, with any information as to Client's financial status as LPLE, through IAR, may reasonably request.

Neither LPL nor LPLE shall be liable for any loss or loss of profits caused, directly or indirectly, by government restrictions, exchange or market rulings, suspension of trading, lack of access to or latency of trading systems, rioting, mayhem, acts of terrorism, war, outbreak of sickness or disease, strikes, fire, flood, cyber attack, sabotage, network failure, system outage, computer viruses, or other conditions beyond LPL's or LPLE's control, to the extent losses are not otherwise covered by the LPL Cyber Fraud Guarantee, which can be viewed at [lpl.com](http://lpl.com).

LPL and LPLE are members of the Securities Investor Protection Corporation ("SIPC"). SIPC provides protection for the Account for up to \$500,000, including \$250,000 for claims for cash. The Account protection applies when a SIPC member firm fails financially and is unable to meet obligations to securities customers, but it does not protect against losses from the rise and fall





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### PERSONAL WEALTH PORTFOLIOS - ACCOUNT AGREEMENT

in the market value of investments. More information on SIPC, including obtaining a SIPC Brochure, may be obtained by calling SIPC directly at (202) 371-8300 or by visiting [www.sipc.org](http://www.sipc.org).

#### 8. ASSIGNMENT/TERMINATION

This Agreement may not be assigned or transferred in any manner by any party without the written consent of all parties receiving or rendering services hereunder; provided, however that LPL or LPLE may assign this Agreement upon consent of Client in accordance with the Advisers Act. In addition, LPLE may add or replace the IAR servicing the Account without Client consent.

This Agreement may be terminated by any party effective upon receipt of written notice to the other parties ("Termination Date"). Upon termination, LPL will deliver securities and funds held in the Account as instructed by Client. Client may also request that the Account be liquidated either in whole or in part. If upon termination, Client does not provide LPL with instructions to deliver the securities and funds held in the Account within 60 days, LPL may at its discretion (i) disburse certificates of outstanding securities from the Account to Client; (ii) notify the transfer agent that LPL no longer custodies or services Account assets and they will thereafter remain at the transfer agent until Client instructs them otherwise; or (iii) liquidate the Account and disburse the funds to Client by check, subject to applicable law. LPL will initiate instructions to deliver funds and/or securities within two weeks of Client's written request. If the Account is liquidated as a result of a termination notice, LPL will have a period of 72 hours to begin liquidations unless special circumstances apply. Upon termination, LPL reserves the right in its sole discretion at any time to close the Account and liquidate assets. Proceeds will be payable to Client upon settlement of all transactions in the Account. Client will be entitled to a pro-rated refund of any pre-paid quarterly Account Fee based upon the number of days remaining in the quarter after the Termination Date. Client understands and agrees that after the Termination Date, the Account will be deactivated. In a deactivated account, no advisory fees are charged, and LPL and LPLE have no responsibility to provide ongoing investment advice.

If the Account is closed within the first six months by Client or as a result of withdrawals which bring the Account value below the required minimum, LPL and LPLE reserve the right to retain the pre-paid quarterly Account Fee for the current quarter or cancel and rebill all transactions in the Account at normal and customary brokerage commission rates, in order to cover the administrative cost of establishing the Account, which may include costs to transfer positions into and out of the Account, data entry costs to open the Account, costs associated with reconciling of positions in order to issue performance information, and the cost of re-registering positions.

In the case of an Account held by an individual, this Agreement shall terminate upon death of Client; provided, however, that the authority of LPL, LPLE, and IAR under this Agreement shall remain in full force and effect until such time as LPL and LPLE have been notified otherwise in writing by the authorized representative of Client or Client's estate.

Termination of this Agreement will not affect the liabilities or obligations of the parties from transactions initiated prior to termination.

#### 9. CONFIDENTIALITY

LPL, PWP Advisors, LPLE, and IAR will share information about Client, the Account, and Client's participation in the Program with each other in order to provide the services contemplated by this Agreement. None of the information and data that Client provides to LPL, LPLE, IAR, or the PWP Advisors (if any) will be disclosed to any other non-related firm, person or entity without prior consent of Client, except as described in their respective privacy policies. Client acknowledges, understands and agrees that for our mutual protection, LPL and LPLE may electronically record telephone conversations. Client agrees not to record any telephone conversation without express written authorization of LPL, LPLE, and the individual(s) engaged in the conversation.

#### 10. SEVERABILITY

If any provision of this Agreement shall be held or made nonenforceable by a statute, rule, regulation, decision of a tribunal or otherwise, such provision shall be automatically reformed and construed so as to be valid, operative and enforceable to the



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maximum extent permitted by law or equity while most nearly preserving its original intent. The invalidity of any part of this Agreement shall not render invalid the remainder of this Agreement and, to that extent, the provision of this Agreement shall be deemed to be severable.

#### 11. VALUATION

In computing the market value of any security or other investment in the Account, each security listed on a national securities exchange shall be valued, as of the valuation date, at the closing price on the principal exchange on which it is traded. Any other security or investment in the Account shall be valued in a manner determined in good faith by LPL to reflect fair market value.

For any assets purchased within the Account, the cost basis is the actual purchase price. For any assets transferred into the Account, original purchase price is used as the cost basis to the extent such information was submitted by Client or a former service provider. It is Client's responsibility to advise LPL immediately if the cost basis information is portrayed inaccurately. Statement calculations and figures should not be relied upon for tax purposes.

#### 12. GOVERNING LAW

This Agreement shall be construed under the laws of The Commonwealth of Massachusetts in a manner consistent with the Advisers Act and the rules and regulations of the Securities and Exchange Commission thereunder (and ERISA, where applicable).

#### 13. RECEIPT OF DISCLOSURE DOCUMENTS

Client acknowledges receipt of the Relationship Summary, PWP Program Brochure, LPLE's Form ADV Part 2 Brochure, and IAR's Brochure Supplement ("Disclosure Documents") as required under the Advisers Act. Client understands the investment approach, related risk factors, and the fees associated with investing in an Account. The 408(b)(2) Disclosure Guide attached hereto provides a guide to the information in this Agreement, the Account Application and the PWP Program Form Brochure that constitute disclosure required to be provided to an ERISA Plan under ERISA Section 408(b)(2). Client understands the investment approach, related risk factors, and the fees associated with investing in the Account.

#### 14. ENTIRE AGREEMENT/AMENDMENT

This Agreement represents the entire agreement between the parties with respect to the subject matter contained herein. This Agreement may be amended by LPL or LPLE upon thirty (30) days written notice to all parties. To access the most current version of this Agreement, please reference [lpl.com/disclosures.html](http://lpl.com/disclosures.html). In the event of a conflict between the terms and conditions of this Agreement and the terms and conditions of any other agreement between Client and LPLE, the terms and conditions of this Agreement shall control with respect to the Program.

#### 15. ACCOUNT APPLICATION

The Account Application, incorporated herein by reference and made a part of this Agreement, must be completed in full by IAR and Client and the accuracy of its contents is hereby acknowledged by Client. By signing the Account Application, Client agrees to the terms and conditions of this Agreement. LPL and LPLE may accept the Account electronically. Client further acknowledges that it is Client's responsibility to provide LPL, LPLE, and IAR with updated information as necessary and that LPL, LPLE, and IAR have the right to rely on this information. Client agrees to promptly notify LPL in the event that his or her country of residence or citizenship status changes, and Client acknowledges and agrees that such notification may result in termination of his or her account by LPL under Section 8 above if LPL does not service accounts in the new jurisdiction.

Important information about procedures for opening this Account: To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an Account. Client is required to provide the following information, among other items, on the Account Application: name, address, date of birth and other information that will allow LPL to confirm Client's identity. In addition, LPLE, through IAR, may also ask to see a valid driver's license or other identifying documents.



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#### 16. AUTHORIZATION TO DEBIT ACCOUNT

Client hereby authorizes LPL to debit the Account Fee and any additional fees or charges payable pursuant to Section 17 directly from the Account. It is agreed by Client and LPL that fees will be payable, first, from free credit balances, if any, in the Account, and second, from the liquidation or withdrawal (which Client hereby authorizes) by LPL of Client's shares of any money market account, or balances in any ICA or DCA, if applicable. Certain Accounts may establish procedures to pay the Account Fee directly rather than through a debit to the Account. Any different method of billing the Account Fee may result in the imposition of additional charges to cover the administrative costs of billing.

#### 17. FEES AND CHARGES

As a participant in the Program, Client agrees to pay an annualized fee ("Account Fee"). The Account Fee is made up of an Advisory Fee and a Manager Fee. Additional details, as well as the maximum Account Fee are set forth in Schedule A attached hereto. For purposes of calculating quarterly Account Fees and providing performance information as described, the Account quarter will begin on the first day of the month in which the Account is accepted by LPL and LPLE.

The initial Account Fee is due at the beginning of the quarterly cycle following LPL and LPLE acceptance of the Account and will include the pro-rated amount for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fees will be assessed at the beginning of each quarterly cycle thereafter and will be based on the value of the Account assets under management as of the close of business on the last business day of the preceding quarter (as valued by an independent pricing service, where available, or otherwise in good faith as reflected in Client's account statement) and based on the fee rate in effect at the time of assessment. At the time of a subsequent Account Fee assessment, the Account Fee will be adjusted for deposits and withdrawals during the prior quarter pro rata based on the asset value of the transaction and based on the fee rate in effect at the time of the assessment. If there is a change in the Account Fee rate negotiated between LPLE and Client during the quarter, the effective date of any increase or decrease will be at the beginning of the next quarterly cycle. All Account Fees and any additional fees or charges payable will be deducted from the Account pursuant to the authorization granted under Section 16.

Client authorizes LPL to deduct the Account Fee and any additional fees or charges from the Account unless other arrangements have been made for the Account pursuant to Section 16. All such additional fees and charges will be noted on Client's account statements.

If Client has paid a commission on the purchase of a security in a brokerage account held at LPL within up to two years of the transfer of the security into the Account, Client may be entitled to a credit for a portion of the Account Fee.

Client also incurs certain charges imposed by LPL or third parties in connection with investments made through the Account, including among others, the following types of charges: mutual fund 12b-1, sub-transfer agent, networking and omnibus processing fees; fund management fees and administrative servicing fees; fees related to American Depository Receipts; certain deferred sales charges on previously purchased mutual funds and other transaction charges and service fees; account termination fees; administrative servicing fees for trust accounts; and other charges required by law or imposed by exchanges or regulatory bodies. LPL receives all or a portion of certain of these fees. Further information regarding fees and charges assessed by any fund held in the Account is available in the appropriate prospectus.

As an example of the foregoing, transaction fees imposed by the SEC on all sales of securities, options and single stock futures effected on a national securities exchange are passed on to your Account. The amount of this regulatory fee may vary over time, and because variations might not be immediately known to LPL, the amount may be estimated and assessed in advance. To the extent that such estimated amount differs from the actual amount of the regulatory fee, LPL retains the excess. These charges will be reflected on transaction confirmations and/or periodic statements.

Client understands and agrees that LPL and LPLE, respectively, may waive any fee it charges in its sole discretion in whole or in part.



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Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The terms of any redemption fee are disclosed in the fund's prospectus. Decisions regarding the sale of mutual funds in an Account will be made by LPL and LPLE without regard to whether Client will be assessed a redemption fee.

Client understands that LPL, LPLE, and IAR, in connection with the performance of their respective services, shall be entitled to and will share in the Advisory Fees payable hereunder. The PWP Advisors receive the applicable Manager Fee. PWP Advisors may pay LPL a portion of the costs associated with the use of technology necessary for a PWP Advisor to perform its services under the Program. Neither LPL nor LPLE shall be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of Client's funds.

Client acknowledges and agrees that the fees and charges in effect for the Account shall continue until thirty (30) days after LPL has notified Client in writing of any change in the amount of such fees and charges, at which time the new fees and charges will become effective unless Client notifies LPL in writing that the Account is to be closed.

#### 18. NOTICES AND COMMUNICATIONS

To the extent permitted by applicable law, notices and communications may be sent to Client through mail, overnight express delivery, or electronically, at LPL's or LPLE's discretion. Notices and communications will be sent to the postal or electronic address, which includes a telephone number ("E-Address"), shown on the Account Application or at such other postal or E-Address as Client may hereafter provide to LPL and LPLE in accordance with procedures LPL and/or LPLE may establish from time to time. The E-Address may be an e-mail address, other Internet address, fax number, telephone number, or other electronic access address. To the extent permitted by applicable law, notices and communications will be deemed delivered when sent, whether actually received or not, even if LPL or LPLE has notice of non-delivery. Notices and communications posted to an online location by LPL or LPLE will be deemed to be delivered to, and received by, Client at the time that LPL or LPLE sends notice to Client in accordance with this Agreement that the notice or communication is posted online and available for review.

LPL or LPLE may, at their option, send notices and communications to Client electronically either:

- to Client's E-Address, or
- by posting the information online and sending Client a notice to Client's postal address or E-Address telling Client that the information has been posted and providing instructions on how to view it.

Communications may include text (SMS) messages, which may be informational, transactional or commercial (marketing) in nature and which may be sent using an automatic telephone dialing system, from or on behalf of LPL or LPLE. By completing the Account Application and providing a telephone number to LPL and/or LPLE, Client provides consent for LPL and/or LPLE to send communications by text (SMS) message. Client may be charged by his or her wireless service provider in connection with receipt of such messages. Client may stop the receipt of text (SMS) messages by contacting LPLE.

Client agrees that Client will notify LPL and LPLE immediately in the event of a change to Client's postal address or E-Address.

All notices and communications to LPL and LPLE must be provided in writing at LPL's and LPLE's postal address, as applicable, and as such address may be updated by notice to the other parties from time to time. Any notice Client sends LPL or LPLE will not be effective until actually received. Client assumes the risk of loss in the mail or otherwise in transit.

#### 19. AUTOMATIC CASH SWEEP PROGRAM

By signing the Account Application, Client is selecting and agreeing, with respect to assets held at LPL, to have cash balances in the Account transferred automatically into a sweep program, depending on the type of Account. Below is a summary of the general terms and conditions of the sweep programs offered by LPL.



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The applicable sweep program will be implemented upon LPL's acceptance of the Account, as discussed above. Pending our acceptance, cash balances not otherwise invested at your direction will be held in your Account as a free credit balance, as discussed more fully below.

#### **Multi-Bank Insured Cash Account ("ICA") or Deposit Cash Account ("DCA") Program General Terms and Conditions**

If the Account is eligible for the ICA or DCA program, you hereby authorize and direct LPL to automatically deposit available cash balances (from securities transactions, dividend and interest payments, deposits and other activities) in the Account into interest-bearing Federal Deposit Insurance Corporation ("FDIC") insured deposit accounts ("Deposit Accounts") at one or more banks or other depository institutions (each, a "Bank"), as provided for in such programs. In selecting the ICA or DCA program for your eligible Account, you agree that: you have independently chosen the ICA or DCA program for your Account, fees of LPL and the program administrator, as discussed below, are reasonable and appropriate for the services being provided under the program, you have reviewed the ICA Disclosure Booklet or the DCA Disclosure Booklet (as applicable) and you have not relied on the advice or recommendation of LPL or LPLE in making this selection. You understand and agree that LPL and LPLE have no obligations to consider, choose or recommend alternative sweep products to the one you have chosen.

**Eligibility.** The ICA program is available for accounts of an eligible type that are held by "eligible persons," including, individuals, trusts, sole proprietorships and entities organized or operated to make a profit, such as corporations, partnerships, associations, business trusts, and other organizations. In the future, LPL may, at its sole discretion, make additional account types eligible for the ICA program or may choose to treat an otherwise eligible person as ineligible if LPL becomes aware that the person is prohibited as a matter of law from holding balances at any Bank. The DCA program is available only to IRAs subject to Section 4975 of the Code in certain LPL advisory programs, including traditional, rollover, Roth, inherited IRAs and Coverdell education savings accounts (ESAs) held by an eligible person. Please consult your IAR for additional details concerning eligibility.

**FDIC Insurance.** Cash balances deposited through the ICA or DCA program are eligible for insurance by the FDIC up to \$250,000 in principal and accrued interest per depositor for each FDIC-defined ownership category in an individual bank. As your agent, LPL will sweep cash out of your LPL Account and into the participating Banks, subject to certain capacity limits, but not to exceed the maximum levels of insurance as defined by the FDIC per category. LPL will limit your total deposit at any participating Bank to allow for the monthly interest being applied to your Account in an effort to maintain deposit levels that do not exceed the maximum levels of insurance (as defined by the FDIC per category). Should your assets reach the maximum amount of insurance as defined by the FDIC per category, LPL will continue to place funds with other participating banks to provide the maximum deposit insurance limits established for ICA or DCA. To view the current program maximum deposit insurance limits for ICA or DCA, which assumes that you hold no FDIC-insured deposits at a Bank other than through ICA or DCA and that all Banks have capacity to accept additional deposits, see the ICA or DCA Current Interest Rate pages on [lpl.com/disclosures.html](http://lpl.com/disclosures.html) under "Automatic Cash Sweep Programs and SIPC Coverage" and "FDIC-Insured Bank Deposit Sweep Programs (LPL ICA and DCA)." After you reach the ICA or DCA program's maximum insurance coverage for you, which is subject to Bank capacity limits and your decision to opt out of one or more Banks, any additional cash will be deposited into one or more of the Excess Banks (as defined in the applicable ICA or DCA Disclosure Booklet). Additional cash held through the ICA or DCA program that is above the ICA or DCA program's maximum insurance coverage for you will not be eligible for FDIC deposit insurance. Cash held uninvested or invested in a money market mutual fund is not eligible for FDIC deposit insurance, but is eligible for protection by the SIPC. Deposit Accounts are not protected by the SIPC. LPL itself is not an FDIC-insured depository institution. The FDIC's deposit insurance coverage only protects against the failure of an FDIC-insured depository institution. Pass-through insurance coverage is subject to conditions. Please see the ICA Disclosure Booklet and the DCA Disclosure Booklet, as applicable, for more information. A list of applicable banks into which your cash may be deposited is available by visiting <https://www.lpl.com/disclosures/lpl-financial-fdic-insured-bank-deposit-sweep-programs.html> and following the links for the applicable bank lists based upon your account type, or ask your financial professional for this information. The ability of the ICA and DCA program to sweep your uninvested cash into Bank Deposit Accounts depends, however, on the capacity of the Banks to accept new deposits. "Overflow Balances" are cash in the ICA or DCA in excess of the applicable



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program maximum FDIC insurance limits or cash for which there is insufficient deposit capacity in the ICA or DCA Banks. When Overflow Balances exist, LPL will temporarily deposit into one or more of the Banks in excess of FDIC coverage limits resulting in deposits not being eligible for FDIC insurance or will otherwise use the overflow mechanisms described below. When Bank capacity is restored, your funds are re-allocated to Banks within the program to fully insure your assets up to the program maximum.

Lack of Deposit Availability or FDIC Insurance; Overflow Mechanisms. If there are Overflow Balances in ICA, such balances may be placed into an "overflow" Client Cash Account; such balances are considered to be "free credit balances" and represent a direct liability of LPL to Client. LPL will pay you interest on such balances in an amount equal to the rate otherwise payable on cash balances in ICA. Please see the disclosures below regarding Free Credit Balances.

If there are Overflow Balances in DCA, such balances may be placed into an "overflow" money market mutual fund. You hereby authorize LPL to direct such DCA Overflow Balances held in your Account to the Goldman Sachs Asset Management ("GSAM") Financial Square Government Fund. LPL receives compensation of up to 0.45% annually of LPL client assets invested in GSAM from the money market fund sponsor in connection with recordkeeping fees and other compensation. Please see the other disclosures below regarding Money Market Mutual Sweep Funds for additional disclosures applicable to Overflow Balances invested in GSAM.

Interest. In both the ICA and DCA program, Client will earn the same rate of interest for the respective program as stated on [lpl.com/disclosures.html](http://lpl.com/disclosures.html) regardless of the Bank in which the Client deposits are held. Interest will accrue daily on balances from the day funds are deposited into a Bank through the business day preceding the date of withdrawal from that Bank. In the ICA program, interest will be compounded daily and credited monthly. In the DCA program, interest is credited to the Client Account monthly (or when you close the Account, if done prior to month-end). This process is described in more detail in the ICA Disclosure Booklet or DCA Disclosure Booklet (as applicable) available from LPLE or on [lpl.com/disclosures.html](http://lpl.com/disclosures.html). The interest rates paid are determined by the amount the Banks are willing to pay minus the fees paid to LPL and other parties for administering the program. The interest rates accruing on funds may change as frequently as daily without prior notice. The most up-to-date interest rates are found on [lpl.com/disclosures.html](http://lpl.com/disclosures.html). Different rates apply for amounts invested in money market mutual funds.

Fees. In the ICA program, LPL receives a fee equal to a percentage of the average daily deposit balance in each ICA Deposit Account. The fee paid to LPL will be at an annual rate of up to an average of 600 basis points as applied across all ICA Deposit Accounts taken in the aggregate. In the DCA program, LPL receives a flat fee per account with the fee indexed to the Fed Funds Target (FFT) interest rate. If the FFT interest rate is represented as a range, then the FFT interest rate will equal the midpoint of such range rounded up to the nearest basis point. For details on how the fees are determined, please reference the ICA Disclosure Booklet or DCA Disclosure Booklet (as applicable) available from IAR or on [lpl.com/disclosures.html](http://lpl.com/disclosures.html).

Tax Information. In the ICA program, for most clients, interest earned on deposits in the Deposit Accounts will be taxed as ordinary income in the year it is received. A Form 1099 will be sent to Client each year showing the amount of interest income Client earned on deposits in the Deposit Accounts. In the DCA program, for most clients, interest earned on deposits in Deposit Accounts will generally not be taxed in the year earned. Tax interest earned by your IRA is generally not taxed until you take a distribution, and may not be liable to tax if your IRA is a Roth IRA, subject to certain conditions. Client should consult with a tax advisor about how the ICA or DCA program, as applicable, affects Client.

Termination of Participation. You can terminate your Account's participation in the ICA or DCA program, as applicable, upon notice to LPL. If you terminate your participation in ICA or DCA, your cash that would have been eligible for the sweep programs will be treated as a "free credit balance" and represent a direct liability of LPL to you. Please see the disclosures related to free credit balances reflected below.

More Information. For more specific information about the terms and conditions of the ICA or DCA program, please see the ICA Disclosure Booklet or DCA Disclosure Booklet (as applicable) available from IAR or on [lpl.com/disclosures.html](http://lpl.com/disclosures.html).



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### Money Market Mutual Fund Sweep Program General Terms and Conditions

**Eligibility.** If the Account is not eligible for ICA or DCA, or you have been notified that your Account will be eligible for money market sweep through a negative consent letter in connection with a transfer of your Account to LPL from another firm, you hereby authorize and direct LPL to automatically invest available cash balances (from securities transactions, dividend and interest payments, deposits and other activities) in shares of a money market mutual fund. If Client Account is a non-retirement account, and a specific Sweep Fund is not otherwise directed by you, you hereby authorize LPL to direct the cash balances held in your Account to the J.P. Morgan U.S. Government Money Market Fund (unless you own a foreign account and then it will be the J.P. Morgan U.S. Treasury Liquidity Fund). A non-retirement account is one not held by an ERISA Plan or otherwise subject to Section 4975 of the Code. Contact LPLE to learn about the specific share class you will be invested in or to learn about other Sweep Funds that may be available.

**No FDIC Insurance.** Investments in money market mutual funds are not guaranteed or insured by the FDIC or any other government agency. Although money market mutual funds seek to preserve a net asset value of \$1.00 per share, there is no guarantee that this will occur. LPL is a member of SIPC. For accounts held at LPL, SIPC provides account protection up to a maximum of \$500,000 per client, of which \$250,000 may be claims for cash. This account protection applies when a SIPC member firm fails financially and is unable to meet obligations to securities customers, but it does not protect against losses from the rise and fall in the market value of investments. More information on SIPC, including obtaining a SIPC Brochure, may be obtained by calling SIPC directly at (202) 371-8300 or by visiting [www.sipc.org](http://www.sipc.org).

**Fees.** LPL receives compensation of up to 1.00% annually of LPL client assets invested in the Sweep Funds from the money market mutual fund sponsor in connection with 12b-1 fees, recordkeeping fees and other compensation.

**More Information.** For more complete information about any of the Sweep Funds available under this sweep program, including all charges and expenses, please contact LPLE for a free prospectus. Client may obtain information with respect to the current yields available on the Sweep Funds by contacting LPLE.

### **Changes to Sweep Programs**

LPL may make changes to the sweep programs, for example, to replace one Sweep Fund with another money market mutual fund or to adjust its overflow mechanisms. If the Account is not eligible for the ICA or DCA program, but later becomes eligible for one of the programs, LPL may switch the sweep program from the money market mutual fund sweep program to the ICA or DCA program. Client will be provided with notice of such change prior to the effective date of the change.

### **Alternatives to Sweep Programs**

Shares in the money market mutual funds that LPL offers as a non-sweep investment alternative may be purchased by LPLE. Cash balances in the Account, however, will not be automatically swept into these money market mutual funds. Debits in the Account will be paid automatically from available cash balances in the Account and then from funds in the sweep programs. In the event there are no funds available in these accounts to cover debits, Client or LPLE would need to liquidate separately purchased money market fund holdings or other securities to cover the required debits.

### **Free Credit Balances**

Your selection of a sweep program above will not be effected until your Account paperwork has been accepted by LPL and LPLE as being in good order, or, in the case of an account converting via negative consent to LPL, at the time your Account transfers to LPL. Until such time, available cash balances (from securities transactions, dividend and interest payments, deposits and other activities) will not be automatically swept and will be held as a free credit balance. A free credit balance is a liability of LPL and payable to the Account on demand. Interest will not be paid to the Account on free credit balances, other than for ICA Overflow Balances maintained in Client Cash Accounts. Unless we hear from you to the contrary, it is our understanding that any free credit balances held in your Account are pending investment.



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Free credit balances may be used by LPL in the ordinary course of its business subject to the requirements of Rule 15c3-3 under the Securities Exchange Act of 1934. The use of client free credit balances generally generates revenue for LPL in the forms of interest and income, which LPL retains as additional compensation for its services to its clients. Under these arrangements, LPL will generally earn interest or a return based on short-term market interest rate prevailing at the time.

If you are acting on behalf of a Plan, the Responsible Plan Fiduciary agrees that it has determined that holding cash balances, pending LPL's acceptance of the Account, as a free credit balance, which does not earn income for the Plan, is both (i) reasonable and in the best interests of the Plan and (ii) that the Plan receives no less, nor pays no more, than adequate consideration with respect to this arrangement. If the Responsible Plan Fiduciary chooses to avoid holding un-invested cash as a free credit balance, the Plan should not fund the Account until after the Account paperwork has been accepted by LPL and LPLE as being in good order.

#### Further Information

For further information about LPL's sweep programs or the Account, please contact LPLE.

#### **20. RIGHT TO ADVOCATE AND REFUSAL TO ACCEPT ORDERS**

LPL and LPLE shall have the right at its sole discretion to advocate administratively or judicially on your behalf where LPL or LPLE suspects exploitation of any kind, dementia and/or undue influence.

In addition, LPL shall have at its sole discretion the authority to pause or refuse to obey any instructions or orders for, including but not limited to, transactions, disbursements, or account transfers. For UTMA or UGMA accounts in which the beneficiary reaches the age of majority, LPL reserves the right to refuse orders or instructions and to terminate or deactivate the account.

#### **21. TRUSTED CONTACT PERSON DISCLOSURE**

You understand by providing a trusted contact person in the Account Application, you give permission to LPL, LPLE, and their associated persons, including IAR, to use their discretion to contact the trusted contact person and disclose information about you and your Account in order to:

- address concerns that you might be a victim of financial exploitation which could include fraud, coercion, or unauthorized transactions,
- address a temporary hold on a disbursement of funds or securities pertaining to possible financial exploitation or other concerns,
- confirm your current contact information,
- confirm and address your whereabouts and health status, and/or
- confirm the identity of any legal guardian, executor, trustee, holder of a power of attorney, or other person who may be acting on your behalf (such as an attorney or accountant).

#### **22. JOINT AND SEVERAL LIABILITY: JOINT ACCOUNT**

If more than one individual is establishing an account with LPL, the obligations of all persons establishing such Account under this Agreement shall be joint and several. If this is a joint account, each of you signing the Account Application and Agreement (each a "joint owner") agrees that each joint owner shall have authority to (a) buy, sell, and otherwise deal in, through LPL as a broker, securities and/or other property, (b) to receive confirmations, statements and communications of every kind related to the Account, (c) to receive and dispose of money, securities and/or other property in the Account, (d) to make, terminate, or modify this Agreement and any other written agreement relating to the Account or waive any of the provisions of such agreements, and (e) generally to deal with LPL and LPLE as if each of you alone was the sole owner of the Account, all without notice to the other joint owner(s). Each of you agrees that notice to any joint owner shall be deemed to be notice to all joint owners. LPL and LPLE may follow the instructions of any of the joint owners concerning the Account and make delivery to any of the joint owners of any and all securities and/or other property in the Account, and make payments to any of the joint owners, of any or all moneys in the Account as any of the joint owners may order and direct, even if such deliveries and/or payments





## ACCOUNT PACKET

### PERSONAL WEALTH PORTFOLIOS - ACCOUNT AGREEMENT

shall be made to one of the joint owners personally. LPL and LPLE shall be under no obligation to inquire into the purpose of any such demand for such deliveries and/or payments.

In the event of the death of any of the joint owners, the surviving joint owner(s) shall immediately give LPLE written notice thereof. The estate of any deceased joint owner shall be liable and each survivor will be liable, jointly and severally, to LPL and LPLE for any debt or loss in the Account resulting from the completion of transactions initiated prior to LPLE's receipt of a written notice of such death or debt or loss incurred in the liquidation of the Account or the adjustment of the interests of the joint owners. LPL and LPLE reserve the right to require written instructions from all Account holders, at their discretion.

#### 23. SURVIVAL

The terms of Sections 7 – "Limitation of Liability", 9 – "Confidentiality", 12 – "Governing Law", 22 – "Joint and Several Liability: Joint Account", and 24 – "Arbitration" shall survive the termination or expiration of this Agreement.

#### 24. ARBITRATION

Client agrees to direct any complaints regarding the handling of the Account to LPLE, IAR, and the LPL Legal Department in writing.

This Agreement contains a pre-dispute arbitration clause. By signing an arbitration agreement the parties agree as follows:

- All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award, unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first hearing date.
- The Panel of Arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.

In consideration of opening one or more accounts for Client, Client agrees that any controversy or claim arising between Client and LPL, LPLE, and/or your IAR, and their parents, subsidiaries, affiliates, officers, directors, employees, agents, and Third-Party Service Providers (as defined below) (whether or not a FINRA (as defined below) member or associated person), arising out of or relating, in whole or in part, to the Account, transactions with or for Client, this Agreement or any other agreement Client has entered into with LPL or LPLE, or the construction, performance, or breach of this Agreement or any other agreement Client has entered into with LPL or LPLE, whether entered into prior, on or subsequent to the date hereof, shall be settled by arbitration to be filed at and to be conducted in accordance with the rules, then in effect, of the Financial Industry Regulatory Authority (FINRA). If the claim or controversy is not arbitrable before FINRA, then such claims shall be filed and adjudicated in a court of competent jurisdiction. To the extent any claim on a class or collective or representative basis is nonarbitrable under the law, then such claims shall be filed and adjudicated in a court of competent jurisdiction, and not in arbitration. A court of competent jurisdiction (and not an arbitrator) shall resolve any dispute about the formation, validity, or enforceability of any provision of this arbitration agreement. Further, in the event of a forum dispute, a court of competent jurisdiction shall determine whether such claim is arbitrable. Any arbitration award hereunder shall be final, and judgment upon the award rendered may be entered in any court, state or federal, having jurisdiction. Nothing in this this Agreement requires arbitration of any claim that under the law cannot be made subject to a pre-dispute agreement to arbitrate claims, including any dispute or controversy nonarbitrable under federal law.



**ACCOUNT PACKET**

**PERSONAL WEALTH PORTFOLIOS - ACCOUNT AGREEMENT**

This arbitration agreement will be binding upon and inure to the benefit of the parties hereto and their respective representatives, attorneys-in-fact, heirs, successors, assigns, and any other persons having or claiming to have a legal or beneficial interest in any account you maintain at LPL, including court-appointed trustees and receivers. This arbitration agreement will also inure to the benefit of third-party service providers that assist or enable LPL or LPLE to provide services hereunder including investment and investment product manufacturers and insurance and annuity carriers (“Third-Party Service Providers”), and such Third-Party Service Providers are deemed to be third-party beneficiaries of this arbitration agreement.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein.

**PWP SCHEDULE A – ACCOUNT FEE**

Client agrees to pay the following fees for the Account (collectively, the “Account Fee”):

MAXIMUM ACCOUNT FEE (ANNUALLY).....2.95%

DETAILED FEE BREAKDOWN MAXIMUM FEE (ANNUALLY)

Advisory Fee.....2.35%

Manager Fee.....0.60%

Advisory Fee. The Advisory Fee will be as stated in the Account Application or as otherwise agreed to among the parties in the event of an Advisory Fee increase. The Advisory Fee is charged for the investment advisory services of LPLE as well as the investment advisory, administrative, trading, custodial and clearing services of LPL. The Advisory Fee is negotiable and is based on the value of the assets in the Account, including cash holdings, and payable quarterly in advance. The Advisory Fee will not exceed 2.35%.

Manager Fee. Client will pay a Manager Fee set by the PWP Advisor for the use of such PWP Advisor. The Manager Fee will differ depending on the PWP Advisor selected for the Account and may also differ depending on the investment strategy or model portfolio that is selected. The Manager Fee is based on the value of the assets in the Portfolio advised by the PWP Advisor, including cash holdings, and payable quarterly in advance. This fee currently ranges from 0.15% to 0.60%. For certain models designed by LPL, LPL will pay up to 0.02% of the Manager Fee to market index providers as a licensing fee. Where LPL retains portions of the Manager Fee, there is a conflict of interest for LPLE to recommend such models that benefit its affiliate. LPLE and IAR do not receive any portion of the Manager Fee, including based on recommending a model for which LPL retains this compensation.

Please note that if the Account includes more than one model, the applicable Manager Fee rate applies to the assets invested in that model. If LPLE, through IAR, changes a model selected for the Account, or if a model investment value changes, the overall Account Fee may increase or decrease. A list of the current models and their associated fee rates can be requested from LPLE or IAR. LPL reserves the right to increase the upper limit of the Advisory Fee and/or Manager Fee range(s) upon 30 days’ prior notice to clients.



**ACCOUNT PACKET**

**PERSONAL WEALTH PORTFOLIOS - ACCOUNT AGREEMENT**

**ERISA 408(b)(2) DISCLOSURE GUIDE – APPLICABLE FOR ERISA RETIREMENT PLANS**

This information is being provided to you as the sponsor or other responsible fiduciary of a retirement plan (“Plan”) subject to the Employee Retirement Income Security Act of 1974 (“ERISA”) that maintains an investment account at LPL. In accordance with ERISA Section 408(b)(2), the table below provides a guide to the location of important information regarding the services that LPL may make available to the Plan pursuant to this Agreement and compensation related to such services. For more information regarding such services and compensation, please refer to [lpl.com/disclosures.html](http://lpl.com/disclosures.html) and any related disclosures, documents, or other agreements you receive in connection with the Plan’s investments. Please review this disclosure document in conjunction with such other related disclosures, documents or other agreements. To the extent we have referenced agreements or other documents herein, you should review those agreements or other documents in full, as they may contain additional information that may be relevant to required disclosures under ERISA. If you have any questions concerning this disclosure document or the information provided to you concerning our services and compensation or require copies of any documents referenced herein, please ask your Investment Adviser Representative (“IAR”) or LPL Client Services at (800)-558-7567.

Required Information	Location(s)
Description of the services that LPL will provide to the Plan	Account Agreement, Section 1 “Personal Wealth Portfolios Program” Account Agreement, Section 2 “Appointment of LPL” Account Agreement, Section 3 “Trading Authorization” Account Agreement, Section 4 “Proxies and Corporate Actions” Program Brochure, Item 4 “Services, Fees and Compensation,” subheading “Services” Program Brochure, Item 9 “Additional Information,” subheading “Review of Accounts”
A statement concerning the services that LPL will provide as an ERISA fiduciary and a registered investment adviser	Account Agreement, Section 5 “Client Authority/ERISA and Retirement Accounts”
Compensation LPL will receive from the Plan (“direct” compensation)	Account Agreement, Section 17 “Fees and Charges” Account Application, Section V.2. “Annual Account Fee Information” Account Agreement, PWP Schedule A – Account Fee Miscellaneous Account and Service Fees Schedule – Advisory Program Brochure, Item 4 “Services, Fees and Compensation,” subheadings “Fee Schedule,” “How the Account Fee is Charged,” “Payment in Advance and Refund of Pre-Paid Fees,” and “Other Types of Fees and Expenses of LPL”
Compensation LPL will receive from other parties that are not related to LPL (“indirect” compensation)	Account Agreement, Section 17 “Fees and Charges” Account Agreement, Section 19 “Automatic Cash Sweep Program,” subheading “Fees” Program Brochure, Item 4 “Services, Fees and Compensation,” subheading “Fees Charged by Third Parties” Program Brochure, Item 9 “Additional Information,” subheadings “12b-1 Fees; Recordkeeping Services and Compensation; Revenue Sharing Arrangements,” “Cash Sweep Service Options,” and “Other Compensation”
Compensation that will be paid among LPL and related parties	Program Brochure, Item 4 “Services, Fees and Compensation,” subheading “Fee Schedule”
Compensation LPL will receive if this agreement is terminated	Account Agreement, Section 17 “Fees and Charges” Program Brochure, Item 4 “Services, Fees and Compensation,” subheading “Other Types of Fees and Expenses of LPL” Miscellaneous Account and Service Fees Schedule – Advisory



# Miscellaneous Account and Service Fees Schedule - Advisory

The listed fees below do not include advisory fees. These fees apply to the following LPL Financial program accounts: Strategic Asset Management (SAM), Optimum Market Portfolios (OMP), Model Wealth Portfolios (MWP), Personal Wealth Portfolios (PWP), Manager Select, and Guided Wealth Portfolio (GWP). Some of these fees may not apply to all of these account types. Some of these fees may be waived under certain conditions.<sup>1</sup>

ACCOUNT OR SERVICE	FEE	FREQUENCY
<b>ACCOUNT MAINTENANCE</b>		
Transaction Fee/Service Charge <sup>2</sup>	\$5	Per transaction
Corporate Actions — Mandatory (if securities are in physical form)	\$15	Per security
Corporate Actions — Voluntary or Mandatory with Options (if election is made)	\$25	Per security
Express Mail/Overnight Delivery	\$15	Per shipment unless otherwise noted
Extension for Money or Securities Received Past Settlement	\$15	Per event
Interest Charged for Money or Securities Received Past Settlement 'Cash Due Interest Rate.'	10.25%	Begins accruing 3 days after trade settlement
Only charged if accrued interest exceeds \$25 for the period.		
Legal Transfer — for processing of certificate requiring legal documentation (e.g., power of attorney, court appointment, death certificate, corporate resolution, etc.)	\$20	Per security
Outgoing Account Transfer — for processing full account transfer of all assets and positions to another financial institution (excludes retirement accounts)	\$125	Per account
Outgoing Account Transfer Check — for processing outgoing account transfer of physical checks	\$15	Per check over \$1,000
Return/Rejected Item/Non-Sufficient Funds (NSF)	\$20	Per item
Small Account Fee <sup>3</sup>	\$10	Per quarter
<b>Retirement Account Fees:</b>		
Annual IRA Maintenance — for custodial and tax reporting services provided to maintain an individual retirement account (IRA) <sup>4</sup>	\$40	Per year/per account
Annual QRP and 403(b)(7) Maintenance — for custodial and tax reporting services provided to maintain qualified retirement plan (QRP) or 403(b)(7) account <sup>4</sup>	\$50	Per year/per account
IRA/QRP and 403(b)(7) Termination	\$125	Per account
QRP and 403(b)(7) Loan Processing	\$50	Per loan
Roth IRA Conversion	\$25	Per conversion
990-T Filing	\$100	Per 900-T
1099-R for Omnibus/Pooled QRPs	\$50	Per 1099-R
<b>CASH MANAGEMENT SERVICES</b>		
Deposit Cash Account sweep fee <sup>5</sup>	\$1.75 (as of 7/1/2021, subject to change)	Monthly, per account
Stop Payment	\$10	Per check
Wired Funds	\$25	Per wire
<b>INVESTMENT SPECIFIC</b>		
<b>Alternative Investment (AI) Products<sup>6</sup>:</b>		
AI Product Processing	\$50	Per transaction
AI Administration	\$35	Per year/per position (\$100 max)
AI Unrelated Business Taxable Income (UBTI) Filing — for preparation and filing of tax forms for UBTI, if applicable	\$100	Per required filing
<b>Foreign Securities:</b>		
Foreign Transaction Tax <sup>7</sup>	0.3%	Per purchase transaction
Transaction (not applicable to American Depository Receipts)	\$40	Per transaction or transfer
Transfer and Ship	\$250	Per transfer
<b>Physical Certificates / Transfer and Ship</b> — for issuance of physical certificate upon request (rate depends on transfer agent)	\$0 - \$25	Per certificate
<b>Restricted Securities</b> — Legend Removal	\$50	Per legal transfer
<b>Stock Option</b> — Exercise (Cashless)	Margin Interest Rate	Per transaction
<b>Transaction Charges<sup>6</sup>:</b>		
Equities (including Closed-end Funds)	\$7	Per transaction
ETFs <sup>8</sup>	\$0, \$9	Per transaction
Fixed Income <sup>9</sup>	\$50	Per transaction
Mutual Funds <sup>10</sup>	\$0, \$4.50, \$26.50	Per transaction
Systematic Trade <sup>11</sup>	\$0	Per transaction
Options	\$25	Per transaction
Unit Investment Trusts	\$35	Per transaction

<sup>1</sup> See account agreements for more information. These fees generally are not based directly on the costs of the transaction or service by LPL, and may include a profit to LPL.

<sup>2</sup> This fee applies to OMP accounts only and is waived if systematic contributions are set up for the account.

<sup>3</sup> A \$10 per quarter fee applies to SAM accounts below \$100,000.

<sup>4</sup> This fee does not apply to OMP, MWP, PWP, and GWP accounts.

<sup>5</sup> This fee only applies to IRAs that participate in the DCA Program. This monthly fee is based on a fee schedule tied to current Fed Funds Target Rate as detailed in the DCA Disclosure Booklet located on LPL.com. The current fee can be found at lpl.com. It is expected that this fee will be recouped from the DCA Program Banks and will not be a fee directly applied to your account. For more information, see the DCA Disclosure booklet.

<sup>6</sup> These fees apply to SAM accounts only.

<sup>7</sup> A Foreign Transaction Tax is charged by LPL on foreign equity security purchases where the underlying non-U.S. securities are from French or Italian issuers. This tax is levied by the French or Italian governments, and the charge offsets the tax incurred by LPL as a result of executing the transaction on your behalf.

<sup>8</sup> The charge is \$0 for an ETF whose sponsor participates in LPL's ETF No Transaction Fee Network.

<sup>9</sup> This charge does not apply to Structured Product purchase transactions.

<sup>10</sup> The charge is \$0 for a Full Participating Fund (a fund that pays a certain level of recordkeeping fees to LPL and/or is part of LPL's Mutual Fund No Transaction Fee Network), \$4.50 for a Participating Fund (a fund that pays a certain level of recordkeeping fees to LPL), and \$26.50 for a Non-Participating Fund (a fund that does not pay recordkeeping fees or pays below a certain level of recordkeeping fees to LPL).

<sup>11</sup> Systematic trades will not be subject to any trading costs if a minimum of 4 executions occur. If the execution minimum is unmet, standard trading fees will be applied retroactively. Systematic trades can only be established for existing positions.

Make Checks Payable as Follows:

John Doe 123 Main St. Your Town, USA	001
PAY TO THE ORDER OF: <u>LPL Financial</u>	Date: <u>12/1/16</u>
\$ <u>600.00</u>	
<u>six hundred dollars</u>	DOLLARS
Notes: <u>Account Number</u>	Signature: <u>John Doe</u>

**Security Endorsement Instructions:**

For value received, (Leave Blank) hereby sells, assigns and transfers unto (Leave Blank) shares represented by the within certificate and do hereby irrevocably constitute and appoint (LPL Financial) as Attorney to transfer the said shares on the books of the within named Corporation with full power of substitution in the premises.

**Dated:** (Date Signed)

**Signed:** (Sign Exactly as Registered on the Front, With All Signatures)



Member FINRA/SIPC

**FS06-LPL**  
Revised 0325



<b>Facts</b>	<b>What Does LPL Enterprise, LLC (“LPL E”) Do with Your Personal Information?</b>
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Social Security number and Income</li> <li>• Investment experience and Assets</li> <li>• Account transactions and Retirement assets</li> </ul> <p>When you are no longer our customer, we continue to share your information as described in this notice.</p>
<b>How?</b>	All financial companies need to share customers’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons LPL E chooses to share personal information; and whether you can limit this sharing.

<b>Reasons We Can Share Your Personal Information</b>	<b>Does LPL E Share?</b>	<b>Can You Limit This Sharing?</b>
<b>For our everyday business purposes</b> — such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	<b>Yes</b>	<b>No</b>
<b>For our marketing purposes</b> — to offer our products and service to you	<b>Yes</b>	<b>No</b>
<b>For joint marketing with other financial companies</b>	<b>Yes</b>	<b>No</b>
<b>For our affiliates’ everyday business purposes</b> — information about your transactions and experiences	<b>Yes</b>	<b>No</b>
<b>For our affiliates’ everyday business purposes</b> — information about your creditworthiness	<b>No</b>	<b>We don’t share</b>
<b>For our affiliates to market to you</b>	<b>No</b>	<b>We don’t share</b>
<b>For nonaffiliates to market to you</b> For more information, please see the below section ‘ <b>Additional Information About How to Opt-out</b> ’	<b>Yes</b>	<b>Yes</b>

<b>Questions?</b>	Go to <a href="http://www.LPL.com">www.LPL.com</a>
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<b>Who We Are</b>	
<b>Who is providing this notice?</b>	<p>LPL Enterprise LLC and its affiliates (collectively, LPL E). Our affiliates include the following:</p> <ul style="list-style-type: none"> <li>• LPL Financial, LLC</li> <li>• PTC Holdings, Inc.</li> <li>• The Private Trust Company, N.A</li> <li>• LPL Insurance Associates, Inc.</li> <li>• FRG Holdings, LLC</li> <li>• Fiduciary Trust Company of New Hampshire</li> <li>• Bay Financial Associates, LLC</li> </ul>

<b>What We do</b>	
<b>How does LPL E protect my personal information?</b>	<p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files.</p> <p>Our online environment uses security technologies, including layered security and access controls over personal information. For further information, please visit LPL.com and search “How LPL Financial Secures Your Information.”</p>
<b>How does LPL E collect my personal information?</b>	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> <li>• Open an account.</li> <li>• Enter into an investment advisory account.</li> <li>• Apply for insurance.</li> <li>• Tell us about your investment or retirement portfolio.</li> <li>• Seek advice about your investments.</li> </ul> <p>We also collect your personal information from others such as credit bureaus, affiliates or other companies.</p>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.</p>
<b>What happens when I limit sharing on an account I hold jointly with someone else?</b>	<p>Your choices will apply to everyone on your account.</p>

<b>Definitions</b>	
<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <p>Our affiliates include companies with an LPL Financial name; financial companies such as The Private Trust Company, N.A; non-financial companies and others.</p>
<b>Non-Affiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <p>We may share information with non-affiliates, which include an independent representative's new brokerage or investment advisory firm.</p>
<b>Joint Marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <p>This may include banks, credit unions or other financial institutions with which we have a joint marketing agreement.</p>

<b>Other Important Information</b>
<p><b>Information for customers who reside in California, North Dakota and Vermont:</b></p> <p>In response to applicable state law, if the mailing address provided for your account is in California, North Dakota, or Vermont, we will automatically treat your account as if you do not want us to disclose your personal information to non-affiliated third parties for purposes of them marketing to you, except as permitted by the applicable state law.</p>

**Additional Information About How to Opt-out**

**For clients of independent financial professionals:**

Should your financial professional terminate their relationship with LPL E, they may be permitted to share your personal information with their new brokerage or investment advisory firm. If you would like to opt-out from this type of information sharing, please complete and mail the form ("Mail-In Opt-Out Form") below to:

LPL Financial  
Attn: Privacy Office  
1055 LPL Way  
Fort Mill, SC 29715

**LPL Enterprise, LLC Mail-In Opt-Out Form**

By completing and returning this form, I am instructing LPL E to limit the personal information that my financial professional is permitted to take if he or she moves to another brokerage or investment advisory firm.

Please note that for accounts held jointly by two or more persons, the privacy choices made by any account holder apply to all joint holders with respect to the account. **In order for your Opt-Out election to be effective, you must complete ALL of the following information:**

Name (please print clearly):

Address:

City:

State/Zip:

Phone Number:

Name of Financial Professional:

Signature:

Date:

Facts	What Does LPL Financial, LLC Do with Your Personal Information?
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"> <li>• Social Security number and Income</li> <li>• Investment experience and Assets</li> <li>• Account transactions and Retirement assets</li> </ul> When you are no longer our customer, we continue to share your information as described in this notice.
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons LPL chooses to share personal information; and whether you can limit this sharing.

Reasons We Can Share Your Personal Information	Does LPL Share?	Can You Limit This Sharing?
<b>For our everyday business purposes</b> — such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes</b> — to offer our products and service to you	Yes	No
<b>For joint marketing with other financial companies</b>	Yes	No
<b>For our affiliates' everyday business purposes</b> — information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes</b> — information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	No	We don't share
<b>For nonaffiliates to market to you</b> For more information, please see the below section ' <b>Additional Information About How to Opt-out</b> '	Yes	Yes

<b>Questions?</b>	Go to <a href="http://www.LPL.com">www.LPL.com</a>
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<b>Who We Are</b>	
<b>Who is providing this notice?</b>	LPL Financial LLC and its affiliates (collectively, LPL). Our affiliates include the following: <ul style="list-style-type: none"> <li>• Fortigent, LLC</li> <li>• PTC Holdings, Inc.</li> <li>• The Private Trust Company, N.A</li> <li>• LPL Insurance Associates, Inc.</li> <li>• FRG Holdings, LLC</li> <li>• Allen &amp; Company of Florida, LLC, DBA Allen &amp; Company</li> <li>• Fiduciary Trust Company of New Hampshire</li> <li>• Bay Financial Associates, LLC</li> </ul>



<b>What We do</b>	
<b>How does LPL protect my personal information?</b>	<p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files.</p> <p>Our online environment uses security technologies, including layered security and access controls over personal information. For further information, please visit <a href="http://LPL.com">LPL.com</a> and search “How LPL Financial Secures Your Information.”</p>
<b>How does LPL collect my personal information?</b>	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> <li>• Open an account.</li> <li>• Enter into an investment advisory account.</li> <li>• Apply for insurance.</li> <li>• Tell us about your investment or retirement portfolio.</li> <li>• Seek advice about your investments.</li> </ul> <p>We also collect your personal information from others such as credit bureaus, affiliates or other companies.</p>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes—information</li> <li>• about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.</p>
<b>What happens when I limit sharing on an account I hold jointly with someone else?</b>	<p>Your choices will apply to everyone on your account.</p>

<b>Definitions</b>	
<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <p>Our affiliates include companies with an LPL Financial name; financial companies such as The Private Trust Company, N.A; non-financial companies and others.</p>
<b>Non-Affiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <p>We may share information with non-affiliates, which include an independent representative's new brokerage or investment advisory firm, or banks/credit unions associated with accounts established through LPL representatives.</p>
<b>Joint Marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <p>This may include banks, credit unions or other financial institutions with which we have a joint marketing agreement.</p>

<b>Other Important Information</b>
<p><b>Information for customers who reside in California, North Dakota and Vermont:</b></p> <p>In response to applicable state law, if the mailing address provided for your account is in California, North Dakota, or Vermont, we will automatically treat your account as if you do not want us to disclose your personal information to non-affiliated third parties for purposes of them marketing to you, except as permitted by the applicable state law.</p>

### Additional Information About How to Opt-out

#### For clients of LPL financial professionals also affiliated with a bank, credit union or other financial institution ("Institution"):

LPL may share your information with your financial professional's Institution so they may inform you about their products and services that may be of interest to you. You can exercise your right to opt-out from this type of sharing by visiting [https:// https://privacy.lpl.com/content/lpl-www/ccpa/financialinstitution.html](https://privacy.lpl.com/content/lpl-www/ccpa/financialinstitution.html) or by calling (855) 804-3041.

#### For clients of independent investment advisor firms or independent financial professionals:

Should your independent financial professional terminate their relationship with LPL, they may be permitted to share your personal information with their new brokerage or investment advisory firm. If you would like to opt-out from this type of information sharing, please complete and mail the form ("Mail-In Opt-Out Form") below to:

LPL Financial  
Attn: Privacy Office  
1055 LPL Way  
Fort Mill, SC 29715

Please note that LPL Financial participates in the Protocol for Broker Recruiting ("Protocol"). LPL will permit your financial professional to take your name, address, phone number, email address and the account title of the accounts serviced (or additional information as permitted if the Protocol is amended) if your financial professional joins another Protocol firm. The retention of this limited information by your financial professional under the Protocol may occur even if you have exercised your rights to limit information sharing as described above.

### Mail-In Opt-Out Form

By completing and returning this form, I am instructing LPL to limit the personal information that my financial professional is permitted to take if he or she moves to another brokerage or investment advisory firm.

However, I understand that if my financial professional joins another Protocol firm, LPL may disclose my name, address, telephone number, email and the account title of the account(s) serviced by my financial professional to the new brokerage or investment advisory firm as allowed under federal and certain state laws and the Protocol.

Please note that for accounts held jointly by two or more persons, the privacy choices made by any account holder apply to all joint holders with respect to the account. **In order for your Opt-Out election to be effective, you must complete ALL of the following information:**

Name (please print clearly):

Address:

City:

State/Zip:

Phone Number:

Name of LPL Financial Professional:

Signature:

Date:

**ACCOUNT PACKET**

**PERSONAL WEALTH PORTFOLIOS (PWP)  
PROGRAM BROCHURE**

LPL Financial LLC  
1055 LPL Way, Fort Mill, SC 29715  
[www.lpl.com](http://www.lpl.com) (704) 733-3482

March 31, 2025

This wrap program brochure provides information about the qualifications and business practices of LPL Financial (“LPL”). If you have any questions about the contents of this brochure, please contact LPL at [lplfinancial.adv@lplfinancial.com](mailto:lplfinancial.adv@lplfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about LPL also is available on the SEC’s website at <https://adviserinfo.sec.gov/>.

**ITEM 1 COVER PAGE**

**ITEM 2 MATERIAL CHANGES**

The following is a summary of certain changes made to this Brochure from the time of the initial filing dated November 8, 2024. Additional risk disclosures were added in Item 6 related to third-party service providers’ or any counterparties’ potential use of artificial intelligence and machine learning, as well as risks related to investment strategies that seek to enhance after-tax performance, including funds that utilize a tax-managed strategy (e.g., an “exchange fund”). Item 9 was updated to provide information regarding disciplinary events involving (i) a settlement with the SEC that included a \$50 million fine for failing to maintain required records of certain business-related communications; and (ii) a settlement with the SEC that included an \$18 million fine for LPL not following its anti-money laundering policies for its customer identification program and ongoing customer due diligence obligations. Item 9 was also updated to reflect the following setup fee charges payable to LPL by model managers or product sponsors, if applicable to the program: (i) a yearly \$5,000 per strategy fee for annual due diligence reviews and maintenance; (ii) the one-time sponsor-level mutual fund setup fee was reduced from \$40,000 to \$15,000, with the per-fund setup fee increasing from \$5,000 to \$7,500; (iii) up to \$15,000 as a sponsor level due diligence fee for exchange traded products; and (iv) a \$5,000 per-trust fee for each unit investment trust. In addition, Item 9 was updated to disclose conflicts related to LPL’s decision to make certain product sponsors available on the applicable platforms when certain sponsors reimburse LPL for technology development related costs associated with the launch or maintenance of a platform, tool, or service. Item 9 was also updated to disclose risks related to LPL’s ability to block or review client orders before they are directed to an exchange or market maker for execution. This may result in a delay in execution, which could cause (i) a difference between execution price and the displayed quote at the time the order was entered; and (ii) a limit order becoming ineligible for execution.

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# PERSONAL WEALTH PORTFOLIOS - PROGRAM BROCHURE

## ITEM 4 SERVICES, FEES AND COMPENSATION

### Services

LPL sponsors various types of advisory programs, including wrap fee programs, an advisor-enhanced digital advice program, and mutual fund asset allocation programs. LPL makes these programs available to clients directly and also through affiliated and unaffiliated investment advisor firms, including LPLE, and its associated persons. This Brochure provides a description of LPL's Personal Wealth Portfolios ("PWP") program when offered through LPLE. For more information about LPL's advisory services and programs other than PWP, please contact LPL or LPLE, respectively for a copy of a similar brochure that describes such service or program or go to <https://adviserinfo.sec.gov/>.

Investment Adviser Representatives ("IARs") are required by applicable rules and policies to obtain licenses and complete certain training in order to recommend certain investment products and services. You should be aware that your LPLE IAR, depending on the licenses or training obtained, may or may not be able to recommend certain investments, models, programs, or services. In addition to being registered as an investment adviser with the SEC, LPLE is a broker-dealer registered with the Financial Industry Regulatory Authority ("FINRA"), and your IAR also may be registered with LPLE as a broker-dealer registered representative. Therefore, your IAR may be able to offer a client both investment advisory and brokerage services. Before engaging with an IAR, clients should take time to consider the differences between an advisory relationship and a brokerage relationship to determine which type of service best serves the client's investment needs and goals. All recommendations regarding advisory accounts will be in an advisory capacity, and any recommendations regarding any brokerage account will be in a brokerage capacity, unless a client is expressly told otherwise. Clients should speak to their IAR to understand the different types of services available through LPLE. Not all IARs of LPLE have access to all products and services.

The PWP Program is a unified managed account program in which LPL and LPLE provide ongoing investment advice and management. In PWP, clients invest in asset allocation portfolios ("Portfolios") designed by LPL's Research Department, which include a combination of mutual funds, exchange-traded funds ("ETFs") and investment models ("Models") provided to LPL by third party money managers ("PWP Advisors"). The Models typically consist of equity and fixed income securities, but may include investment company securities. LPL's Research Department selects the mutual funds, ETFs and Models to be made available in a Portfolio.

LPLE, through its IAR, obtains the necessary financial data from the client, assists the client in determining the suitability of the program and assists the client in setting an appropriate investment objective. LPLE, through its IAR, selects a Portfolio based on client's investment objective and then selects among the mutual funds, ETFs and/or Models available in the Portfolio.

LPL has discretionary authority to purchase and sell securities in the account. The client authorizes LPL to take discretion by executing the Account Agreement and Application. LPL coordinates trades among the various securities and sleeves of a PWP account. After a PWP account is opened, and upon deposit of funds by the client, LPL will invest the client's funds based on the Portfolio selected. It generally will take up to 5 business days from the date the account is fully funded for all assets to be fully allocated across the Portfolio. In certain cases, it may take longer to allocate assets to fixed income securities because of market conditions or the illiquid nature of certain issues. In the case of municipal security Models ("Muni Models"), it typically can take between 30 to 90 days for the Model to be fully invested. Subsequent deposits accumulate and will not be invested in the Portfolio until certain conditions are met, including conditions related to trade size and position deviation from the target allocation.

During the normal course of business, LPL reviews accounts on a daily basis and executes trades as needed. In addition, each year on the anniversary date of the initial account asset allocation, LPL will examine if any particular asset class in an account has drifted beyond a tolerance limit and determine if the account should be rebalanced to be within acceptable asset allocation tolerances.

Except as described below for Muni Models, the role of the PWP Advisors is limited to submitting Models to LPL, who has discretion over trade execution. However, if a Portfolio is selected that includes a Muni Model, the PWP Advisor for that Model will have discretionary trading authority with respect to the purchase and sale of fixed income securities for the portion of the



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### PERSONAL WEALTH PORTFOLIOS - PROGRAM BROCHURE

account invested according to the Muni Model ("Muni Sleeve"). Although the PWP Advisor has discretion over the Muni Sleeve, LPL has ultimate discretion over the entire account and may exercise discretion over securities in the Muni Sleeve (e.g., to rebalance the Account or to liquidate securities for withdrawal requests). LPL may appoint from time to time other PWP Advisors to take discretion over a portion of the account managed according to that PWP Advisor's Model.

In connection with the program, LPL also acts as custodian to accounts, provides research information to LPLE and its IARs, provides brokerage services as the broker-dealer on transactions, and performs administrative services, such as performance reporting.

LPL and LPLE provide advisory services tailored to the individual needs of the clients. LPL reviews accounts on a daily basis for rebalancing. LPL accommodates reasonable requests to restrict holdings of specific securities, specific industries, specific sectors, and certain pre-defined categories (e.g., "sin" stocks). In the event that client restrictions prevent the investment in certain securities otherwise recommended by a PWP Advisor, assets will be invested pro-rata across the remaining securities in the Model. Such restrictions do not apply to any mutual funds, ETFs or fixed-income securities that may be held in the account. Restrictions placed on an account may affect the performance of the account. LPL may choose not to accept an account with restrictions that are inconsistent with the investments chosen by LPL or as recommended by the PWP Advisor.

LPL accommodates requests to perform tax harvesting, which may include using the proceeds of tax-related transactions to purchase appropriate securities (such as ETFs) for an account. In such case, proceeds of tax-related transactions may be held in cash or securities until appropriate wash sale periods have expired. Once the wash sale period has expired, the related proceeds will be invested according to the Portfolio selected. Similarly, LPL may delay a tax harvesting request to sell securities acquired in the previous 30 days until the wash sale period has expired. In certain circumstances, LPL also accommodates requests for all or a portion of the account to remain allocated to cash for a period of time. After the expiration of that time period, LPL will reinvest the Account according to the model portfolio selected. Such customized requests and changes to and withdrawals from the Portfolios selected may take up to 5 business days to process, and, in certain circumstances, may take longer.

As LPL generally has discretion to implement a Model, an account's holdings may differ from the Model submitted. For example, LPL may limit small trades (defined by minimum dollar amounts, share amounts, percentage of account, or percentage of individual asset class). In addition, due to market conditions or the illiquid nature of certain issues, there may be times when LPL will not be able to invest in specific taxable fixed income securities that appear in a Model. In those circumstances LPL will attempt to invest in fixed income securities with similar characteristics as those in the Models. For clients in California and New York, if tax-free fixed income securities are selected for a Muni Model, the PWP Advisor will attempt to limit the fixed income securities purchased to state-specific, tax free fixed income securities; however, the PWP Advisor may also include non-state-specific securities.

IARs may, in its sole discretion and as agreed from time to time with clients, provide financial planning or financial consulting services on behalf of LPLE to clients in connection with the program at no additional cost. IARs may also require clients to enter into a separate agreement with an agreed upon fee for financial planning or financial consulting services. The scope and duration of financial planning and consulting services varies, will generally be agreed upon at the time the IAR provides the services, and may include comprehensive financial planning or consulting on a particular issue such as retirement planning, education planning, estate planning, cash flow/budget planning, risk management planning, personal wealth planning, tax planning, business planning, investment planning/asset allocation, or other planning as needed. Financial planning and consulting may or may not include a written, customized financial plan.

#### Fee Schedule

Clients in the PWP Program pay an annualized fee (the "Account Fee"). The Account Fee is made up of an Advisory Fee and a Manager Fee. If LPLE, through its IAR, changes the PWP Advisor, investment strategy, or model portfolio selected for an account, or if the investment value of the account changes, the overall Account Fee may increase or decrease. LPL reserves the right to increase the upper limit of the Advisory Fee and/or Manager Fee range(s) upon 30 days' prior notice to clients. LPL, LPLE, IARs, and PWP Advisors do not charge performance-based fees to accounts in the Program.



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**Advisory Fee.** The Advisory Fee is charged for the investment advisory services of LPLE, as well as the investment advisory, administrative, trading, custodial and clearing services of LPL. The Advisory Fee is shared with LPLE. The Advisory Fee is negotiable between the client and LPLE and is based on the value of assets in the account, including cash holdings, and is payable quarterly in advance. The maximum Advisory Fee is 2.35%.

LPL retains a portion of the Advisory Fee, up to 0.675% of the value of the account for its administrative, custody and clearing services, and the portfolio design services of LPL Research. LPLE shares between 90% and 100% of the remaining portion of the Advisory Fee with the unaffiliated financial institution with which IAR is associated, or its affiliate, based on the agreement between LPLE and the financial institution.

**Manager Fee.** Depending on the PWP Advisor selected, clients pay a Manager Fee for a PWP Advisor that is set by the PWP Advisor. The Manager Fee will differ depending on the PWP Advisor selected for the Account and may also differ depending on which investment strategy or model portfolio is selected. Clients do not pay LPL or LPLE brokerage commissions or transaction charges for the execution of transactions in addition to the Account Fee. For more information, see below under "Additional Information – Brokerage Practices."

The Manager Fee is based on the value of the assets in the Portfolio advised by the PWP Advisor, including cash holdings, and payable quarterly in advance. The Manager Fee currently ranges from 0.15% to 0.60%. For certain models designed by LPL, LPL will pay up to 0.02% of the Manager Fee to market index providers as a licensing fee. Where LPL retains portions of the Manager Fee for trading services, there is a conflict of interest for LPLE to recommend such models that benefit its affiliate. LPLE and its IARs do not receive any portion of the Manager Fee, including based on recommending a model for which LPL retains this compensation. Please note that if the Account includes more than one model, the applicable Manager Fee rate applies to the assets invested in that model.

The fees paid by LPL to PWP Advisors in the program out of the Manager Fee are generally less than a PWP Advisor would charge a client seeking to establish a direct relationship outside of a wrap program. This is principally due to the fact that LPL absorbs many of the billing, administrative, trading and marketing expenses that would otherwise be borne by the PWP Advisor and the role of the PWP Advisor is generally limited to providing models to LPL. PWP Advisors generally have higher minimum account size requirements when managing direct accounts and higher fees when the PWP Advisor bears those expenses.

#### How the Account Fee is Charged

LPL deducts the Account Fee and other fees and charges associated with a PWP account from the account. LPL retains amounts described under "Fee Schedule" for services provided and pays the applicable portion of the Advisory Fee to LPLE and unaffiliated financial institutions with whom LPLE has agreements described herein, and the applicable portion of the Manager Fee to the PWP Advisors whose models are selected for the account. LPL calculates and deducts the Account Fee in the method described in the Account Agreement, unless other arrangements are made in writing. If a client wishes to be billed for the Account Fee, rather than a deduction directly from the account, the client needs to make a request to LPL through LPLE.

#### Payment in Advance and Refund of Pre-Paid Fees

LPL deducts the Account Fee quarterly in advance. If the Account Agreement is terminated before the end of the quarterly period, LPL will pay the client a prorated refund of any pre-paid quarterly Account Fee based on the number of days remaining in the quarter after the termination date. However, if the account is closed within the first six months by the client or as a result of withdrawals that bring the account value below the required minimum, LPL and LPLE reserve the right to retain the pre-paid quarterly Account Fee for the current quarter in order to cover the administrative costs of establishing the account (for example, the costs related to transferring positions in and out of the account, data entry in opening the account, reconciliation of positions in order to issue performance information, and re-registration of positions).



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# PERSONAL WEALTH PORTFOLIOS - PROGRAM BROCHURE

### Other Types of Fees and Expenses of LPL

In addition to the Account Fee, clients also pay LPL other additional miscellaneous administrative or custodial-related fees and charges that may apply to a PWP account. LPL notifies clients of these charges at account opening and makes available a current list of these charges on its website at [lpl.com/disclosures.html](http://lpl.com/disclosures.html). These fees include retirement account fees and termination fees, including, for example, a fee for loans processed for qualified retirement plan and 403(b)(7) plan accounts and an account termination fee for processing a full account transfer to another financial institution. Clients do not pay LPL or LPLE brokerage commissions, markups or transaction charges for execution of transactions in addition to the Account Fee. For more information, see below under "Additional Information – Brokerage Practices."

### Fees Charged by Third Parties

There are other fees and charges that are imposed by third parties other than LPL and LPLE that apply to investments in PWP accounts. Some of these fees and charges are described below. In PWP, assets may be invested in mutual funds or ETFs and, therefore, there are two layers of advisory fees and expenses for those assets. As a shareholder of a fund, Client will pay an advisory fee to the fund manager and other expenses charged by the fund. In the case of mutual funds that are funds of funds, there could be an additional layer of fees, including performance fees that may vary depending on the performance of the fund. Client also will pay the Account Fee with respect to assets invested in ETFs and mutual funds. The mutual funds and ETFs available in the Program may be purchased directly outside of the Program. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of LPL, LPLE, LPLE IARs, and the PWP Advisors, and by making their own decisions regarding the investment.

Clients should understand that in many cases the mutual funds and mutual fund share classes offered through the Program charge higher fees and expenses than those that are not offered through the Program, and such other mutual funds and share classes may be equally or more appropriate for a client's account. As discussed below, a portion of the fees and expenses charged by certain mutual funds in the Program will be paid to LPL. Other financial services firm may offer the same mutual funds that are offered through the Program but at lower overall costs to investors than the costs that clients incur by investing through the Program.

Clients should also understand that in many cases the share class offered for a particular mutual fund available through the Program (the "Program Share Class") charges higher fees and expenses than other share classes that are offered by the same fund but are not available through the Program. Program Share Classes are selected by LPL, in certain cases, because the mutual funds pay to LPL a portion of the fees and expenses charged by Program Share Classes as compensation for the administrative and recordkeeping services LPL provides with respect to LPL clients who invest in the Program Share Classes, as discussed below under "Participation or Interest in Client Transactions."

If client transfers into a PWP account a previously purchased mutual fund, and there is an applicable contingent deferred sales charge on the fund, client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if a redemption is made within a specific time period after the investment, client will be charged a redemption fee. Depending on the share class and fee structure of the previously purchased mutual fund, LPL can receive fees such as 12b-1 fees from the previously purchased mutual fund until the position is liquidated and subsequently invested according to the PWP model. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). Decisions regarding the sale of mutual funds in an account may be made by LPL and LPLE without regard to whether a client will be assessed a redemption fee.

When transferring securities into a PWP account, client should be aware that certain securities are not be eligible for the account. In such case, the securities will be rejected, sold after the transfer, or moved to a brokerage account. Note that when an ineligible security is transferred into an account and subsequently sold or moved to a brokerage account, the advisory fee will be charged on such asset for the period of time the security was held in the account. Client should be aware that securities transferred into an account may have been subject to a commission or sales load when the security was originally purchased. After transfer into a PWP account, client should understand that an advisory fee will be charged based on the total assets in the



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account, including the transferred security. When transferring securities into an account, client should consider and speak to their IAR about whether:

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

For those Portfolios consisting of mutual funds, LPL selects only no-load and load-waived mutual funds. Some mutual funds and Program Share Classes in PWP charge shareholders an asset-based fee, known as a "12b-1" fee, to cover distribution expenses and, in some cases, shareholder servicing expenses. A portion of such 12b-1 fees will ultimately be paid to LPL by the funds. Any 12b-1 fees paid to LPL by funds (other than the cash sweep money market funds ("Sweep Funds") described in the section of Item 9 labeled "Participation or Interest in Client Transactions") will be credited to the client's account.

As described below under "Additional Information – Brokerage Practices," if a PWP Advisor for a Muni Model chooses to execute a transaction through a broker-dealer other than LPL, the execution price to the client may include a commission, markup/markdown, or other fee imposed by the executing broker-dealer in addition to the Account Fee. If client holds an American Depository Receipt ("ADR") in an account, there are custodial fees or taxes related to the ADR.

Clients also incur charges imposed by third parties or LPL in connection with investments made through their accounts, including, but not limited to, taxes and charges required by law or imposed by exchanges or regulatory bodies. For example, an industry-wide charge mandated by a regulator applies to sales of certain securities. The amount of this regulatory fee may vary over time, and because variations might not be immediately known to LPL, the amount may be estimated and assessed in advance. To the extent that such estimated amount differs from the actual amount of the regulatory fee, LPL retains the excess. These charges will be reflected on transaction confirmations and/or periodic statements.

#### Important Things to Consider About Wrap Fees on a PWP Account

- The Account Fee is an ongoing fee for investment advisory services, the execution of transactions and other administrative and custodial services. The Account Fee may cost the client more than purchasing the program services separately, for example, paying a separate advisory fee for each of the services of LPL, LPLE and the PWP Advisor, plus commissions or transaction charges to a broker-dealer for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the:
  - type and size of the account
  - type and number of securities in the Portfolio (whether equities, fixed income securities, mutual funds or ETFs)
  - historical and or expected size or number of trades for the account, and
  - number and range of supplementary advisory and client-related services provided to the client.
- The Account Fee may be higher than the fees charged by other investment advisors for similar services. This is the case in particular if the Account Fee is at or near the maximum Account Fee set out above. LPLE, through its IAR, is responsible for determining the Advisory Fee to charge each client based on factors such as total amount of assets involved in the relationship, type of securities to be held in the account (e.g., mutual funds vs. individual securities), the complexity and mix of the portfolio, and the number and range of supplementary advisory and client-related services to be provided to the account. Clients should consider the level and complexity of the advisory services to be provided when negotiating the Advisory Fee with LPLE through IAR.
- LPLE and IAR receive compensations as a result of recommending a client's participation in the Program. The amount of this compensation may be more or less than what LPLE or IAR would receive if the client participated in other LPL or LPLE programs or paid separately for investment advice, brokerage and other client services, particularly where LPLE or IAR retains a greater portion of the Account Fee or additional cash or non-cash compensation, even though the client's fee remains the same. Based on the compensation structure between the financial institution and IAR, IAR can have a financial incentive to recommend the Program over other programs and services. This compensation includes a portion of the





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Account Fee and also may include other compensation, such as bonuses, awards or other things of value offered by LPL or LPLE to IARs. However, LPLE and IAR intend to make all recommendations independent of such considerations and based solely on their obligations to consider Client's objectives and needs.

- The investment products available to be purchased in the Program can be purchased by clients outside of a PWP account, through broker-dealers or other investment firms not affiliated with LPL.
- Clients should consider the impact of fees and expenses on their investment portfolio, as described in the informational brochure titled "How Fees and Expenses Affect Your Portfolio" on [lpl.com/disclosures.html](http://lpl.com/disclosures.html) under "Investor Regulatory & Educational Resources."

#### ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

LPL generally requires a minimum account value of \$250,000. In certain instances, LPL will permit a lower minimum account size. An account will not be invested according to the Portfolio until the minimum account size and the targeted funding value of the account has been reached. The Program is available for individuals, individual retirement accounts ("IRAs"), banks, thrift institutions, credit unions, pension and profit sharing plans, including plans subject to ERISA, trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

#### ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

In PWP, LPL and LPLE are responsible for the overall investment advice and management services offered to clients, and the client selects the LPLE IAR who manages the account. Each IAR is generally required to possess a FINRA 65 or 66 license (to the extent required). For more information about IAR managing the account, client should refer to the Brochure Supplement for the IAR, which client should have received along with this Brochure at the time client opened the account.

LPL makes available Models designed by PWP Advisors. LPL selects and reviews on an ongoing basis the PWP Advisors available on PWP based on quantitative, qualitative and infrastructure criteria, which include:

##### Quantitative Criteria

LPL evaluates quantitative criteria both in terms of the PWP Advisor's absolute performance and performance relative to the PWP Advisor's investment style group, including but not limited to:

- Rate of return
- Consistency of returns and risk
- Number of employees and accounts
- Years in the business
- Assets under management

##### Qualitative Criteria

LPL evaluates qualitative criteria, including but not limited to:

- Sound Investment philosophy and process that drives performance
- Assessment of the investment manager and team
- Risk controls
- Legal and compliance issues

##### Infrastructure Criteria

LPL reviews infrastructure criteria to assess whether a PWP Advisor can handle operational requirements including but not limited to:

- Composite calculation methodology
- Trade rotation policy, if applicable



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### PERSONAL WEALTH PORTFOLIOS - PROGRAM BROCHURE

- Back office review
- Client servicing resources
- Firm-wide program commitment

LPL reviews PWP Advisors currently participating in the program and reviews new PWP Advisors prior to the addition of their Models to the program. LPL may elect to remove a PWP Advisor should it determine that the PWP Advisor has failed to meet one or more of the above selection criteria or other pertinent criteria (e.g., significant change in management staff). In making a decision to remove a PWP Advisor, LPL's Research Department takes into consideration all criteria; no one criteria is necessarily determinant in the replacement decision. Additionally, in its review process, LPL places emphasis on long term overall PWP Advisor performance from a qualitative and/or quantitative viewpoint. Short-term developments are monitored but are not necessarily sufficient for a decision to remove a PWP Advisor.

#### PWP Advisor Performance

LPL's Research Department uses information provided by the PWP Advisor and also may use independent, third-party databases when evaluating a PWP Advisor. In order for a PWP Advisor to be selected for the program, LPL generally requires a third-party verification letter related to compliance of the PWP Advisor's performance information with Global Investment Performance Standards (GIPS) or a similar letter indicating that the performance information has been audited by an independent auditor. PWP Advisor performance information is not calculated on a uniform and consistent basis.

LPL does not calculate PWP Advisor performance. However, LPL provides clients with individual performance information. Performance information is prepared by LPL using portfolio accounting and reporting software. Client performance information is calculated on a uniform and consistent basis using a time weighted basis.

It is important to note that PWP Advisors provide Models to LPL, and, except in the case of Muni Models, LPL is the party with discretion for trade implementation and execution in PWP accounts. Therefore, Models submitted to LPL by PWP Advisors may represent activity that has already been implemented on behalf of other clients of the PWP Advisor. Because of this fact and because LPL (and not the PWP Advisor) has discretionary authority to implement trades, performance of a PWP account will differ from the performance of PWP Advisor's discretionary accounts. Performance information is intended to inform clients as to how their investments have performed for a period, both on an absolute basis and compared to investment indices.

#### LPL Portfolio Design Services

In PWP, clients invest in Portfolios designed by LPL's Research Department. LPL's Research Department provides various types of advisory services. LPL Research provides research recommendations on asset allocation, money managers, mutual funds and ETFs. LPL Research provides investment advice on mutual fund selection and allocation through other LPL advisory programs.

LPL Research designs different types of Portfolios for PWP to meet the varying needs of clients. LPLE, through its IAR, selects the Portfolio and provides advice based on the client's individual needs. LPL's Research Department uses various investment strategies in designing Portfolios, including those described below. All Portfolios seek to generate capital appreciation while assuming a reasonable amount of risk. The Portfolios are intended to take advantage of market opportunities that will occur or persist over a three-to-five-year time frame. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

- *Standard.* This investment strategy invests in more traditional asset classes (e.g., large cap growth, large cap value, small cap growth, small cap value, foreign and fixed income). LPL Research designs different versions of Standard Portfolios, for example, for investors who wish to allocate to mid-caps or who do not want explicit allocations to foreign markets.
- *Core.* This investment strategy also invests in more traditional asset classes, however the traditional equity asset classes are combined between blends of growth and value.



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- *Diversified.* This investment strategy invests in traditional asset classes but may also invest in less traditional asset classes (e.g., emerging markets, high yield bonds). This investment strategy is subject to minimal constraints. LPL Research designs different versions of these Portfolios, for example, for investors who want allocation to tax-free bonds.
- *Diversified Plus.* This investment strategy invests in traditional asset classes but may also invest in less traditional asset classes (e.g., emerging markets, high yield bonds). This investment strategy is subject to minimal constraints. LPL Research designs different versions of these Portfolios, for example, for investors who want allocation to tax-free bonds. In addition, this strategy has a tactical allocation for investors who wish to have an allocation that is more tactically managed and allocated by LPL Research to mutual funds, ETFs and/or ETNs. The tactical allocation is intended to be more flexible and to help take advantage of short-, mid-, and long-term opportunities the markets present.

Other than in the context of a change in a tactical sleeve of Diversified Plus, when LPL's Research Department determines that a Model, ETF or mutual fund is no longer acceptable for a Portfolio, LPL will notify LPLE of the change in status and provide alternatives for the account from which LPLE, through IAR, will select, which may include selection of 1) an ETF until a replacement Model, ETF or mutual fund has been selected by the Research Department, 2) the replacement Model, ETF or mutual fund, or 3) one of the remaining choices within the asset class.

#### Types of Investments and Risks

The Portfolios include different types of securities, such as mutual funds, closed end funds, ETFs, ETNs, and equity and fixed income securities. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some particular risks associated with investing and with some types of investments available in the Program.

- *Market Risk.* This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- *Interest Rate Risk.* This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- *Economic Conditions Risk.* This is the risk that economic, political or financial developments will, from time to time, result in periods of volatility or other adverse effects that could negatively impact your account.
- *Credit Risk.* This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- *Liquidity Risk.* This is the risk that an investor would not be able to sell or redeem an investment quickly, or would not be able to sell or redeem an investment quickly without significantly affecting the price. Liquidity risk is heightened when markets are distressed. Generally, alternative investments have higher liquidity risk than equities, fixed income securities or mutual funds or ETFs.
- *Issuer-Specific Risk.* This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- *Investment Company Risk.* To the extent a client account invests in ETFs or other investment companies, its performance will be affected by the performance of those other investment companies. Investments in ETFs and other investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses. If a client account invests in other investment companies, the client account may receive distributions of taxable gains from portfolio transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.
- *Concentration Risk.* To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.



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- *Sector Risk.* To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.
- *Alternative Strategy Mutual Funds.* Certain mutual funds available in the Program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be appropriate for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. Clients should be aware that alternative investments and/or strategies are generally considered speculative in nature and involve a high degree of risk, particularly if concentrating investments. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.
- *Exchange-Traded Funds (ETFs).* ETFs are typically investment companies that are legally classified as open end mutual funds or unit investment trusts. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs may be closed and liquidated at the discretion of the issuing company.
- *Unit Investment Trusts (UITs).* UITs are investment companies that generally offer a fixed portfolio of stocks and bonds as redeemable units to investors for a specified period of time. Like a mutual fund, UITs typically issue redeemable units. However, UITs differ from mutual funds in that UITs have stated expiration dates and are not actively traded. As a consequence, UITs will not be sold to take advantage of market conditions and their value may fluctuate, sometimes rapidly or unpredictably, due to factors affecting securities markets or particular industries. Upon the stated expiration date of a UIT, there is no assurance that the value of the UIT will be equal to or higher than the original price.
- *Closed-End Funds.* Clients should be aware that closed-end funds available within the Program may not give investors the right to redeem their shares, and a secondary market may not exist. Therefore, clients may be unable to liquidate all or a portion of their shares in these types of funds. While the fund may from time to time offer to repurchase shares, it is not obligated to do so (unless it has been structured as an "interval fund"). In the case of interval funds, the fund will provide limited liquidity to shareholders by offering to repurchase a limited amount of shares on a periodic basis, but there is no guarantee that clients will be able to sell all of the shares in any particular repurchase offer. The repurchase offer program may be suspended under certain circumstances.
- *Exchange-Traded Notes (ETNs).* An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows: The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a



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specific sector, asset class or country and may therefore carry specific risks. ETNs may be closed and liquidated at the discretion of the issuing company.

- *Tax-Managed Investing Risk.* Investment strategies that seek to enhance after-tax performance might be unable to fully realize strategic gains or harvest losses due to various factors. Market conditions could limit the ability to generate tax losses. A tax-managed strategy could cause a client portfolio to hold a security to achieve more favorable tax treatment or to sell a security in order to create tax losses. A tax loss realized by a U.S. investor after selling a security will be negated if the investor purchases the security within thirty days. There is no guarantee that securities submitted for exchange will be accepted by a fund that utilizes a tax-managed strategy (e.g., an “exchange fund”), and exchange funds may accept “out-of-benchmark” securities at the sole discretion of portfolio managers. Although third-party managers of these strategies seek to avoid “wash sales” whenever possible and temporarily restrict securities they have sold at a loss to prevent them, a wash sale can occur inadvertently because of trading by a client in portfolios not managed by the third-party manager. A wash sale can also be triggered by the third-party manager when it has sold a security for loss harvesting and shortly thereafter the firm is directed by the client to invest a substantial amount of cash resulting in a repurchase of the security. Changes to the tax code and other policy changes could result in unfavorable tax treatment for investors in tax-managed strategies.
- *Direct Indexing.* Direct indexing strategies seek to replicate the performance of a market index by directly holding the individual securities, or a representative sample of the individual securities, that make up the index. Direct indexing may provide a more tax efficient means of investing, and may allow for more customized investment allocations, than investing in a fund or other commingled product that seeks to replicate the index. The potential benefits of direct indexing, however, will not necessarily be realized if you don’t take advantage of tax planning or impose account restrictions, such as account level security or sector-based restrictions or customizations based on your specific tax, ESG or other preferences. Fees and expenses for the direct indexing strategy in some cases will be higher than the fees and expenses associated with alternative index products. Higher fees and expenses could adversely impact account performance. The size of your account and the number of securities in the index your account seeks to replicate also limit the ability of your account to replicate the index. As a result, the direct indexing strategy introduces the risk of tracking error relative to the index into your account and can cause your portfolio to underperform the index, including as a result of customization. LPL and LPLE cannot guarantee that the dividend yield in your portfolio will accurately track a market index.
- *Other Complex Exchange Traded Products (“ETPs”).* Certain clients meeting qualification standards may also purchase other complex ETPs, which may be structured as ETFs, ETNs or as other types of securities. Similar to leveraged and inverse products, these other complex products differ, often significantly, from traditional ETFs, ETNs and mutual funds and can be significantly more speculative and volatile. Other complex ETPs are often not designed to be held long term. These products include, for example, single-inverse ETPs (“Single Inverse ETPs”), futures-linked ETPs (“Futures Linked ETPs”) and cryptocurrency-related ETPs (“Cryptocurrency ETPs”). Single Inverse ETPs are complex financial instruments that seek investment results that are the opposite of the performance of an index for a stated trading period (or “reset frequency”), often a single day. When a Single Inverse ETP with a shorter reset frequency is held for a longer period, significantly different returns from the investment objective or returns of the underlying assets may result, including potential realized and unrealized losses. A Single Inverse ETP that resets each day is typically inappropriate as an intermediate or long-term investment unless it is recommended as part of a sophisticated trading or hedging strategy that will be closely monitored. Futures Linked ETPs are intended to provide exposure to reference assets like commodities. However, Futures Linked ETPs are not designed to track the spot price of the referenced asset, but instead track the price of futures contracts. The performance of a Futures Linked ETP may deviate significantly from the performance of the spot price of the reference asset, especially over longer periods. Cryptocurrency ETPs are exposed to cryptocurrency, decentralized digitized assets that often rely on blockchain technology. Cryptocurrency ETPs are highly speculative and extremely volatile. Cryptocurrency is part of a new and evolving industry, and neither the technology nor regulatory regime for cryptocurrency is settled. Cryptocurrency ETPs may trade in over-the-counter markets and may not be afforded all of the investor protections of other ETPs. Certain Futures Linked ETPs invest in cryptocurrency futures, which could magnify the risks described above.



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- *Pledging Assets.* LPL has partnered with certain banks to help facilitate clients' access to collateralized non-purpose lines of credit; however, clients are not required to use the banks in LPL's Program, and can work directly with other banks ("non-partner banks") to negotiate loan terms or obtain other financing arrangements. Clients who choose to use non-partner banks should notify their IAR, of the amount of the line of credit. In these collateralized lending arrangements, clients borrow from the bank and pay interest to the bank. In some cases, LPLE, through its IAR, may recommend that a client seeking to access funds (for purposes other than purchasing securities) hold his securities investments and instead utilize a non-purpose line of credit collateralized by the assets in his advisory account. Unless LPLE, through its IAR, specifically recommends that a client hold his securities investments and instead utilize a collateralized line of credit to access funds, the decision regarding whether to arrange for a collateralized loan and the decision to draw down on such a loan are not covered by a client's advisory relationship with LPL, LPLE, or IAR. While LPLE, through its IAR, may assist the client with facilitating a line of credit, clients are responsible for independently evaluating the terms of the loan and deciding whether the loan meets their needs. Clients also should be aware that pledging assets in an account to secure a loan involves additional risks. The bank holding the loan has the authority to liquidate all or part of the securities at any time without your prior notice in order to maintain required maintenance levels, or to call the loan at any time. As a practical matter, this may cause you to sell assets and realize losses in a declining market. Moreover, LPLE's and IAR's ability to make investment decisions or recommendations for the account may be restricted by collateral requirements imposed by the bank. These restrictions or a forced liquidation may interfere with your long term investment goals and/or result in adverse tax consequences. Further, you should note that the returns on accounts or on pledged assets may not cover the cost of loan interest and advisory fees. Clients should be aware that LPL's collateralized loan program is one way, among many, for clients to raise necessary cash. Before pledging assets in an account, clients should carefully review the loan agreement, loan application and any forms required by the bank and any other forms and disclosures provided by LPL. For a list of the banks currently participating in LPL's collateralized lending program, please visit [lpl.com/disclosures.html](http://lpl.com/disclosures.html), click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then "Third Party Compensation and Related Conflicts of Interest."
- *Equity Securities.* Common and preferred stock represents the equity ownership of a company. Stock markets are volatile and the price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. The value of equity securities may also decline due to factors that affect particular industries or particular issuers. The values of equity securities may be more volatile than those of other asset classes.
- *Debt Securities.* Debt securities, such as bonds, involve interest rate risk, credit risk, extension risk, prepayment risk, and other types of risks. In addition, the value of debt securities may fluctuate in response to market movements or issues that affect particular industries or issuers. When interest rates fall, the issuers of debt securities may prepay principal more quickly than expected, and investors may have to reinvest the proceeds at a lower interest rate. This is known as "prepayment risk." When interest rates rise, debt securities may be repaid more slowly than expected, and the value of the debt security can fall sharply. This is known as "extension risk." Certain types of debt securities may be subject to "call and redemption risk," which is the risk that the issuer may call a bond for redemption before it matures and the investor may lose income.
- *Cybersecurity Risk.* Failures or breaches of the electronic systems of LPL or LPLE, its service providers, securities market participants or the issuers of securities can cause significant losses for investors. Unintentional cyber events, such as the inadvertent release of confidential information, could also adversely impact investor account. Any cyber event could cause result in the loss or theft of investor data or cause investors financial loss and expense.
- *Use of Artificial Intelligence and Machine Learning.* Recent technological advances in artificial intelligence, generative artificial intelligence, and machine learning technology (collectively, "Machine Learning Technology") may pose risks to LPL and LPLE. LPL and LPLE could be further exposed to the risks of Machine Learning Technology if third-party service providers or any counterparties, whether or not known to LPL or LPLE, also use Machine Learning Technology in their business activities. LPL and LPLE will not be in a position to control the operations of third-party service providers or counterparties, the manner in which third-party products are developed or maintained or the manner in which third-party services are provided. Machine Learning Technology is generally highly reliant on the collection and analysis of large amounts of data, and it is not possible or practicable to incorporate all relevant data into the model that Machine Learning



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Technology utilizes to operate. Certain data in such models will inevitably contain a degree of inaccuracy and error, potentially materially so, and could otherwise be inadequate or flawed, which would be likely to degrade the effectiveness of Machine Learning Technology. To the extent that LPL or LPLE are exposed to the risks of Machine Learning Technology, any such inaccuracies or errors could have adverse impacts on LPL or LPLE, as applicable. Machine Learning Technology and its applications, including in the financial services sector, continue to develop rapidly, and it is impossible to predict the future risks that will from time to time arise from such developments.

- *Foreign Securities Risk.* Foreign investments involve special risks not present in U.S. investments that increase an investor’s potential to lose money. Among other issues, custody of securities in foreign markets, changes in foreign currency exchange rates, foreign economic and market conditions, actions adverse to investors taken by foreign governments, lack of governmental oversight or regulation of securities markets, underdeveloped settlement and clearing services, and foreign withholding taxes may negatively affect the value of investments in foreign securities.
- *Values-Based and Environmental, Social and Governance (ESG) Investing Risk.* Values-based investing or ESG investing, also known as “socially responsible investing,” “sustainable investing,” or “impact investing,” focuses on the social values or environmental, social, and governance standards or the sustainability factors of an investment. Some values-based investing strategies focus on factors relating to an individual investor’s personal or religious values, such as “biblical investing,” while other strategies focus on issues like environmental impact. Some values-based investment strategies use values-based criteria to supplement financial analysis when considering a particular issuer or security, while others affirmatively select “socially responsible” investments or screen out or exclude investments in companies that engage in certain activities. Values-based investing may limit the type and number of investments available in a strategy and cause the strategy to underperform other strategies without a values-based focus or with a focus that involves a different type of focus or screening methodology. Values-based strategies may underperform the market as a whole. Companies and issuers selected in a values-based strategy may not or may not continue to demonstrate values-based characteristics. Different investors likely have different opinions about what types of investments are socially responsible.
- *Comparable Products.* LPL offers various mutual funds, ETFs, and other investment products that have similar or identical investment strategies but different fee and expense arrangements. For example, LPL sells both mutual funds and ETFs that are designed to track an index of securities, such as the S&P 500 Index. A mutual fund and an ETF following an identical strategy have different fees and expenses that affect your investment return. Those fees and expenses include direct costs like sales loads, commissions, and other transaction costs, and indirect costs at the product level like advisory or management fees, distribution expenses (12b-1 fees), and other administrative, shareholder servicing and transfer agent fees. The impact of those fee and expenses on your investment returns also varies based on the size of your initial investment, the length of time you hold the investment, and other factors. The differences in fees and expenses, and additional differences in compensation paid directly by product sponsors like revenue sharing, mean that LPL and LPLE generally will earn more compensation for selling one investment product than another. As a result, LPL and LPLE have a conflict of interest because of the financial incentive to recommend investment products that pay more compensation if a less expensive comparable product could be used to achieve a customer’s investment objective.

Voting Client Securities

Unless a client instructs otherwise, LPL will vote proxies on the client’s behalf. LPL has adopted policies and procedures to in order for LPL to vote securities in the best interest of clients. LPL engages third party vendor(s) to make proxy voting recommendations and handle the administrative functions of voting proxies. Although LPL retains authority to vote client proxies, it is LPL’s general policy to vote according to the recommendations of its third-party proxy advisor vendor, so long as LPL reasonably determines that doing so is in the client’s best interest. Any exceptions to this general policy are referred to LPL’s Research Department, which makes the determination as to whether or how to vote the proxy in accordance with the best interest of the client. If the client is an employee benefit plan subject to ERISA, LPL will vote client proxies in accordance with LPL’s obligations under ERISA and applicable Department of Labor Regulations. A copy of LPL’s proxy voting policies is available upon request to LPLE. A client can obtain information about how LPL voted with respect to securities held in the client’s account by contacting LPLE.



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If a client elects to retain the right and obligation to vote proxies and receive mutual fund shareholder reports, LPL is reimbursed by the proxy issuer or mutual fund for the delivery costs to send proxies and shareholder reports to the client. The maximum fee that can be charged for delivery is set by New York Stock Exchange (NYSE) rules. If LPL uses a vendor to perform the delivery, the vendor seeks reimbursement from the proxy issuer or mutual fund on LPL's behalf and in certain cases remits a portion of the reimbursement to LPL.

In the case of voluntary corporate actions, LPL intends to follow the instructions or default election of the PWP Advisors without reviewing individual client interests, unless LPL determines that such instructions are overtly contrary to our client's best interests. In such case, LPL will determine whether or how to act consistent with the best interests of our clients.

LPL, LPLE and the PWP Advisors are not obligated to render any advice or take any action on behalf of a client with respect to any legal proceedings, including bankruptcies, involving securities or other investments held in the account, or the issuers thereof. The client retains the right and obligation to take action with respect to legal proceedings relating to securities held in the account.

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

LPLE, through its IAR, obtains the necessary financial data from the client and assists the client in setting an appropriate investment objective for the account. LPLE, through its IAR, obtains this information by having the client complete an Account Application which is a part of the Account Agreement. In quarterly communications, LPL asks clients to contact LPLE if there have been any changes in the client's financial situation or investment objectives or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions. Because the PWP Advisor's role generally is limited to providing Models to LPL, and the PWP Advisor does not provide individualized discretionary advisory services to PWP clients, LPL generally does not communicate specific client information to PWP Advisors. However, in the case of PWP Advisors for the Muni Models, the PWP Advisor does provide individualized discretionary advisory services with respect to the Muni Sleeve. If a Muni Model is selected, LPL forwards client information from the Account Application to the PWP Advisor. If client communicates to LPLE, through its IAR, regarding material changes in the client's financial circumstances, investment objectives or investment restrictions, such information is forwarded to the PWP Advisor for the Muni Model. Clients may communicate such information to LPLE, through its IAR, or otherwise communicate directly with the PWP Advisor, although clients are encouraged to direct communication through their IAR.

Clients should understand that the investment objective selected for the Program in the Account Application is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. Client also should be aware that achievement of the stated investment objective is a long-term goal for the account.

#### ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

LPL does not place any restrictions on a clients' ability to contact and consult with LPL, LPLE or IARs. Because the PWP Advisor's role generally is limited to providing Models to LPL, and the PWP Advisor does not provide individualized discretionary advisory services to PWP clients, PWP Advisors generally are not available to be contacted or consulted by PWP clients. However, in the case of PWP Advisors for the Muni Models, the PWP Advisor does provide individualized discretionary advisory services with respect to the Muni Sleeve. If a Muni Model is selected, clients may consult directly with the PWP Advisor, although clients are encouraged to direct contact with the PWP Advisor through LPL or LPLE.

#### ITEM 9 ADDITIONAL INFORMATION

##### Disciplinary Information

LPL entered into a settlement with the SEC in which the SEC found that LPL willfully violated its obligations under Section 17(a) of the Exchange Act and Rule 17a-8 thereunder, which require broker-dealers to comply with certain anti-money laundering ("AML") requirements. The SEC found that LPL did not follow its AML policies for its customer identification program and ongoing customer due diligence obligations by, among other things, not properly verifying new accounts; not timely closing accounts that did not pass its screening measures; and not closing or restricting certain accounts that were prohibited under LPL's AML Policies.





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The SEC censured LPL and ordered LPL to cease and desist from committing or causing any violations and any future violations of such section and rule, to pay a civil monetary penalty in the amount of \$18 million, and to comply with certain undertakings (2025).

LPL entered into a settlement with the SEC in which the SEC found that LPL willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder and Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder in connection with the maintenance and preservation of off-channel communications; and failed to reasonably supervise its personnel within the meaning of Section 15(b)(4)(E) of the Exchange Act and Section 203(e)(6) of the Advisers Act. LPL admitted to the facts in the settlement order and acknowledged its conduct violated the federal securities laws. The SEC ordered LPL to cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder and Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder, censured it for its conduct, ordered it to pay a civil monetary penalty in the amount of \$50,000,000, and ordered it to comply with certain undertakings (2024).

LPL entered into a settlement with the SEC in connection with LPL's failure to comply with its Customer Identification Program procedures. The SEC found that LPL willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder and was a cause of a third party's violations of Sections 17(a)(2) and (3) of the Securities Act and Section 206(2) of the Advisers Act. The SEC ordered LPL to cease and desist from committing or causing any further violations of these laws and regulations, censured LPL for its conduct, and ordered the payment of disgorgement and prejudgment interest totaling \$141,202 (deemed satisfied based on LPL's voluntary remedial payment of \$4,118,876 to the impacted client), and the payment of a civil money penalty of \$750,000 (2021).

As part of a voluntary self-reporting initiative in 2019, LPL entered into a settlement with the SEC in which the SEC found that LPL willfully violated Section 206(2) and 207 of the Investment Advisers Act of 1940 (the "Advisers Act") in connection with inadequate disclosure to clients of its and its associated persons' conflicts of interest related to its receipt of 12b-1 fees and/or its selection of mutual fund share classes that pay such fees. The SEC ordered LPL to cease and desist from committing or causing any violations of Sections 206(2) and 207 of the Advisers Act, censured it for its conduct, and ordered the payment of disgorgement and prejudgment interest to affected investors totaling \$9,333,516 (2019).

LPL, as a broker-dealer, is a member of ("FINRA") and has found to be in violation of FINRA's rules related to its brokerage activities. In particular, LPL consented to sanctions related to the following matters:

- LPL's supervisory systems and maintenance of books and records relating to brokerage direct business transactions, supervisory systems and misstatements about fees relating to brokerage product switch transactions, and supervisory systems relating to brokerage recommendations of publicly traded securities of business development companies (BDCs) to customers, resulting in a censure, a fine of \$5.5 million, restitution to impacted customers, and an undertaking to certify that LPL has remediated the systems and procedures for making recommendations of BDCs (2023).
- LPL's supervisory systems and procedures relating to the transmittal of customer funds by wire or check to third parties and maintenance of related books and records, resulting in a censure, a fine of \$3,000,000, restitution to impacted clients, and an undertaking to identify and pay restitution to affected customers for certain other improper transfers (2023).
- LPL's failure to accurately calculate its customer reserve requirement, failure to maintain a sufficient customer reserve, failure to maintain policies and procedures reasonably designed to achieve compliance with the Securities and Exchange Act and FINRA rules, and failure to maintain accurate books and records, resulting in a censure and a fine of \$300,000 (2022).
- LPL's self-reporting of potential issues related to certain C-share purchase suitability reviews and its supervisory systems and procedures relating to waivers of front-end sales charges for rollovers of 529 savings plan investments from one state plan to another, resulting in a censure and payment of restitution to impacted customers (2021).
- LPL's supervisory systems and procedures relating to record retention, fingerprinting and screening of certain associated persons, and supervision of consolidated reports, resulting in a censure, a fine of \$6,500,000 and an undertaking to review and enhance related policies, systems and procedures (2020).



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- LPL's supervisory systems and procedures relating to changes in the authority of custodians of accounts established under the Uniform Gifts to Minors Act and/or the Uniform Transfers to Minors Act, resulting in a censure, a fine of \$300,000, and an undertaking to review and enhance its policies, systems, and procedures related to supervision of such accounts (2019).
- The effectiveness of LPL's anti-money laundering program, LPL's failure to amend certain Forms U4 and U5, and LPL's systems and supervisory procedures relating to Forms U4 and U5 reporting requirements, resulting in a censure and a fine of \$2,750,000 and an undertaking to review the process used to disclose customer complaints on Forms U4 and U5 (2018).
- LPL's brokerage supervisory and disclosure procedures related to the sale of certain brokered certificates of deposit in brokerage accounts, resulting in a censure and a fine of \$375,000 (2018).
- LPL's systems and supervisory procedures relating to the creation and distribution of certain required account notices, resulting in a censure, a fine of \$900,000, and an undertaking to review affected processes (2016).
- LPL's systems and supervisory procedures relating to the format in which certain electronic records were retained, resulting in a censure and a fine of \$750,000 (2016).
- LPL's various brokerage supervisory procedures, including those related to the sale of complex non-traditional ETFs, variable annuity ("VA") contracts, real estate investment trusts ("REITs") and other products in brokerage accounts, as well as LPL's failure to monitor and report trades and deliver trade confirmations, resulting in a censure and a fine of \$10,000,000, and restitution of \$1,664,592 (2015).

LPL, as a broker-dealer, is regulated by each of the 50 states and has been the subject of orders related to the violation of state laws and regulations in connection with its brokerage activities. In particular, LPL entered into consent orders related to the following matters:

- LPL's supervision of electronic signature practices at an LPL branch office in Massachusetts, resulting in a fine of \$250,000 and an undertaking to conduct an internal review of certain related policies and procedures (Massachusetts or "MA", 2023).
- LPL's supervision of an LPL broker-dealer/investment adviser agent's sales of structured products, resulting in a censure, an offer of restitution to impacted clients, and a fine of \$125,000 (Texas, 2022).
- LPL's supervision of two LPL broker-dealer and/or investment adviser agents who pled guilty to charges of fraudulent practices with LPL customers, resulting in a cease and desist order, a fine of \$350,000 and a \$150,000 contribution for financial literacy and investor education initiatives, training and related materials (Connecticut, 2021).
- LPL's supervision of an LPL representative under a heightened supervision plan, resulting in a cease and desist order; a fine of \$275,000; payments of restitution, disgorgement and investigative costs; and offers of payment of surrender charges in connection with variable annuity contracts for impacted customers (New Hampshire or "NH", 2020).
- LPL's failure to timely register (or maintain the registration of) certain agents in MA and failure to amend Forms U4 and U5 for certain agents registered in MA, resulting in a censure, a fine of \$1,100,000, and an undertaking to review and enhance its policies and procedures related to registering its agents in MA and filing reportable events (MA, 2019).
- LPL's brokerage supervisory procedures relating to email review and annual branch office examinations, resulting in a civil penalty of \$450,000 and an undertaking for third-party review of related processes (Indiana, 2018).
- The sale of unregistered, non-exempt securities in violation of state registration requirements, resulting (upon entry of the individual consent order) in payment to each participating state or jurisdiction of a civil penalty of \$499,000, reimbursement of certain investigative expenses, remediation through repurchase of certain securities and payment of losses to certain affected customers, and certain additional undertakings (Settlement with up to 53 members of the North American Securities Administrators Association (NASAA), 2018).
- The sale of non-traded alternative investments in excess of prospectus standards or LPL's internal guidelines and the maintenance of related books and records, resulting in a censure, a fine of \$950,000, a \$25,000 contribution to an investor education fund and remediation of losses to impacted customers (New Jersey, 2017).
- LPL's supervisory practices for LPL representatives located on the premises of a credit union, resulting in a censure, a fine of \$1,000,000, and an undertaking to avoid investor confusion specific to the name under which the credit union does business and review LPL's related policies and procedures (MA, 2017).



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- LPL's oversight of certain VA transactions, resulting in a censure, a fine of \$975,000, restitution to clients and former clients of an LPL representative, disgorgement of commissions retained by LPL in connection with such representative's VA sales, and an undertaking to review such representative's brokerage and advisory activities and LPL's related policies and procedures (MA, 2017).
- The sale in brokerage accounts of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an aggregate civil penalty of \$1,425,000, reimbursement of certain investigative expenses and remediation of losses to impacted customers (Global settlement with certain members of NASAA, 2015).
- The sale of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an administrative fine of \$250,000, reimbursement of investigative costs of \$250,000, a \$250,000 contribution to an investor education fund and remediation of losses to impacted customers (NH, 2015).
- The sale of leveraged and inverse leveraged ETFs ("Leveraged ETFs"), resulting in an administrative fine of \$50,000 (Delaware), a penalty of \$200,000 (MA), restitution to Delaware customers in an amount up to \$150,000, restitution to MA customers in an amount up to \$1,600,000, and an agreement to make certain changes in its supervisory system with respect to Leveraged ETFs (2015).
- Failure to implement procedures related to the use of senior-specific titles by LPL representatives as required under MA law, resulting in a censure and a fine of \$250,000 (2015).

For more information about those state events and other disciplinary and legal events involving LPL, client should refer to Investment Adviser Public Disclosure at <https://adviserinfo.sec.gov/> or FINRA BrokerCheck at <https://brokercheck.finra.org/>.

#### Other Financial Industry Activities and Affiliations

LPL is also a broker-dealer registered with FINRA and the SEC. As a broker-dealer, LPL transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, REITs and other investment products. LPL is registered to operate in all 50 states and has primarily an independent-contractor sales force of registered representatives and IARs dispersed throughout the United States. LPL has a dedicated team of employee IARs in its offices who service certain accounts, and also a small subset of IARs who operate their own offices or are located on the premises of certain financial institutions and are employees of LPL Employee Services, LLC, an LPL-affiliated company. In addition, LPL is qualified to sell insurance products in all 50 states.

Our affiliate, LPLE, is an investment adviser registered with the SEC and a broker-dealer registered with FINRA and the SEC. As a broker-dealer, LPLE transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, REITs and other investment products. LPLE is registered to operate in all 50 states and has primarily an independent-contractor sales force of registered representatives and investment adviser representatives dispersed throughout the United States. In addition, LPLE is qualified to sell insurance products in all 50 states.

LPL, LPLE and The Private Trust Company, N.A. ("PTC"), a federally chartered non-depository bank licensed to provide trust services in all 50 states, are related persons. PTC serves as IRA custodian for program accounts set up as IRAs and receives an annual maintenance fee for this service. PTC also provides personal trustee services to clients for a variety of administrative fiduciary services, which services may relate to a program account. Because LPL, LPLE and PTC are affiliated companies and share in revenues, there is a financial benefit to the companies if a client uses PTC as a custodian or for personal trustee services, or if a PTC client uses LPL or LPLE as an investment adviser. PTC's IRA custodian and trustee services and related fees are established under a separate engagement between the client and PTC.

Fiduciary Trust Company of New Hampshire ("FTC"), a non-depository trust company, is a related person of LPL and LPLE. FTC provides custodial and various other recordkeeping and services to IRAs and certain employer-sponsored plans maintained through non-PWP Program accounts. Because LPL, LPLE and FTC are affiliated companies and share in revenues, there is a financial benefit to the companies if a client is referred to or otherwise elects to engage with FTC for services under another LPL program, and uses LPL or LPLE as the registered investment adviser or broker-dealer. FTC's custodial and recordkeeping services and related fees are established under a separate engagement between the client and FTC.



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LPL and LPLE have an affiliated insurance agency, LPL Insurance Associates, Inc. ("LPLIA") through which IARs may sell insurance products. LPL receives compensation from issuers of life insurance (universal, variable universal, whole life, and term) and other insurance contracts that are made available by IARs, such as long term care insurance and disability insurance. The compensation includes commissions and trails, and may include payments for administrative services that LPL provides and/or payments made in connection with LPL's marketing and sales-force education and training efforts, including LPL's annual national sales and education conference and other conferences. IARs receive a percentage of the commissions or trailing commissions paid to LPL or LPLIA. IARs may also sell insurance through an independent unaffiliated insurance agency. An IAR may earn compensation (including trailing compensation), benefits and non-cash compensation through the third party insurance agency and may have an incentive to recommend you purchase or sell insurance products with the independent agency.

#### Code of Ethics and Personal Trading

LPL and LPLE have each adopted a code of ethics that includes guidelines regarding personal securities transactions of its employees and IARs. The code of ethics permits employees and IARs to invest for their own personal accounts in the same securities that are purchased for clients in program accounts. This presents a conflict of interest because trading by an employee or IAR in a personal securities account in the same security on or about the same time as trading by a client can disadvantage the client. LPL and LPLE each address this conflict of interest by requiring in its code of ethics that employees and IARs report certain personal securities transactions and holdings. LPL and LPLE each have procedures to review personal trading accounts for front-running. In addition, employees in LPL's Research Department are required to obtain pre-clearance prior to purchasing certain securities for a personal account. Employees and IARs are also required to obtain pre-approval for investments in private placements and initial public offerings. A copy of the LPL and LPLE code of ethics is available to clients or prospective clients upon request and is available at [lpl.com/disclosures.html](http://lpl.com/disclosures.html) and [lpl.com/lpl-enterprise.html](http://lpl.com/lpl-enterprise.html), respectively.

#### Participation or Interest in Client Transactions

LPL's parent company, LPL Holdings Inc., is a publicly traded company. PWP Advisors are not prevented from purchasing LPL Financial Holdings Inc. stock in PWP accounts. In addition, a PWP account may include a mutual fund or ETF that holds LPL Financial Holdings Inc. stock as an underlying investment, for example, an ETF that seeks to replicate the performance of an investment services index that includes LPL Financial Holdings Inc.

Purchases of mutual fund shares are typically processed through LPL's proprietary account resulting in such purchases being characterized as principal transactions for certain reporting purposes. In such case, the shares will be purchased at the fund's net asset value, and no additional charges will be applied to such transactions as a result of LPL's use of a proprietary account. LPL and LPLE do not otherwise engage in principal transactions with its clients in the program.

For certain ETFs and stocks, LPL executes trades in fractional shares of those securities as an accommodation to clients. There is not an active open market for fractional shares, and executing trades with LPL is most often the only form of liquidity for a client that holds fractional shares in his or her account. LPL and LPLE do not receive any compensation in addition to advisory fees for executing trades in fractional shares for a client's advisory account. LPL will only buy and sell fractional shares when a client is also trading whole shares of the security, in connection with a dividend reinvestment plan, or to sell remaining fractional shares to close a position. Trades in fractional shares will happen on the same day and at the same price as a trade in whole shares, or otherwise at market closing price.

#### 12b-1 Fees; Recordkeeping Services and Compensation; Revenue Sharing Arrangements

Some mutual funds and Program Share Classes in PWP charge shareholders a 12b-1 fee. To the extent a mutual fund or a Program Share Class charges a 12b-1 fee, the fee will be paid to LPL by the mutual fund. Any 12b-1 fees paid to LPL by mutual funds (other than the Sweep Funds) will be credited to the account.

LPL performs recordkeeping, administrative and shareholder services on behalf of mutual funds and receives compensation for the services based on mutual fund holdings of PWP clients. These services include establishing and maintaining accounts with the funds, facilitating settlement of funds, responding to customer inquiries and requests, and maintaining sub-account records reflecting the



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issuance, exchange or redemption of shares by each Program account. A type of recordkeeping service that LPL provides to certain mutual fund families is to process transactions on an omnibus basis, which means that LPL consolidates client trades into one daily trade with a fund, and maintains all pertinent shareholder information for the fund. In some cases LPL earns recordkeeping compensation with respect to a Program Share Class but does not earn recordkeeping compensation, or earns less recordkeeping compensation, with respect to other share classes of the same fund that are not offered through the Program. If LPL does not provide omnibus services to a mutual fund, then fund shares are traded on a networked basis, which means LPL submits a separate trade for each individual client trade to the fund. In that case, LPL maintains only certain elements of the fund's shareholder information.

The compensation LPL receives from a fund for recordkeeping, administrative and shareholder services is based on the amount of PWP client assets that are invested in the fund (up to 0.30% annually), or the number of positions held by PWP clients in the fund (up to \$25 per position). In addition, LPL charges a setup fee to product sponsors when adding new investment products or share classes of an investment product to LPL's investment platforms. In the case of ETPs, LPL receives up to \$15,000 as a sponsor level due diligence fee, up to \$7,500 per fund and up to \$15,000 per product for complex ETPs and ETPs. In the case of mutual funds, LPL receives a one-time set up fee of up to \$15,000 as a sponsor level due diligence fee and a setup fee of \$7,500 per fund. For UITs, LPL charges up to \$5,000 per trust. LPL does not share this compensation with LPLE or its IARs.

When LPL incurs technology development related costs associated with the launch or maintenance of a platform, tool or service, LPL sometimes receives reimbursements from product sponsors for such costs. Because LPL benefits from product sponsors' reimbursements of technology development-related costs, LPL's financial interests are conflicted with its ability to use strictly objective factors when selecting product sponsors to make available on the applicable platforms.

LPL has fee arrangements with investment advisors or distributors ("sponsors") of mutual funds, ETFs, annuities, alternative investment products and structured products that are available for purchase through the Program, called revenue sharing. Under these arrangements, the sponsor pays LPL a fee based on the amount of client sales or assets invested in the sponsor's products or a fixed fee, and LPL provides marketing support, data analytics, and administrative services to the sponsor and allows the sponsor to access LPL and LPLE IARs so that the sponsor can promote such products. The amount and form of revenue sharing fee received by LPL can vary depending on many factors, including the services provided by LPL and the sponsor's investment products. LPL marketing support compensation for mutual funds, interval funds, ETFs and positional money market funds (other than the Sweep Funds) consists of flat and/or asset based fees totaling up to 0.15% annually, or \$1,000,000. LPL does not accept revenue sharing fees for assets held in retirement accounts. LPL does not require that a sponsor participate in revenue sharing arrangements for the sponsor's products to be selected for a Portfolio. In general, sponsors pay LPL a revenue sharing fee in addition to other product-related fees paid by a client, which include sales charges, deferred sales charges, distribution and service fees, redemption fees, and other fees and expenses disclosed in a product's offering documents. Revenue sharing fees may be paid by a particular investment fund, or its investment advisor or distributor, or an affiliate.

LPL offers product sponsors of mutual funds, closed funds, interval funds, ETFs, alternative investments, advisory strategies, annuities and life insurance contracts the opportunity to purchase analytical data, business intelligence and ad hoc reporting. This information helps product sponsors in their sales, distribution and product development efforts with respect to customers and clients and creates similar conflicts to those discussed above. LPL receives up to \$600,000 annually from each product sponsor in third party compensation for this information.

LPL receipt of revenue sharing fees creates a conflict of interest for LPL, which means that there is an incentive for LPL and its respective financial professionals to recommend investment products that pay revenue sharing fees. LPL or its affiliate receives significantly more revenue sharing fees from the sponsors for which clients have the largest holdings, which creates a conflict of interest for LPL to promote and recommend these sponsors' investments.

Revenue sharing payments are generally higher for investment products with higher expense ratios (the overall fee paid by an investor in the product). Additionally, revenue sharing payments for some ETFs are based on management fees and will be higher for ETFs with higher expense ratios, both because LPL is paid a portion of the higher fees and because generally the



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percentage rate that LPL gets paid increases for investment products with higher expense ratios. As a result, LPL has an increased incentive to choose investment products that charge more in fees and to promote or recommend these investment products so that LPL earns more, and that could cause lower performance for client accounts. Other investment products with lower fees that are not party to revenue sharing agreements are available. Higher expense ratios will cause an investor to earn less on an investment than a comparable investment with a lower expense ratio. This results in a conflict of interest between clients and LPL because the revenue sharing arrangements give LPL an incentive to recommend investments that could cause lower performance for client accounts. The variations between amounts and forms of revenue sharing payments also create an incentive for LPL to recommend holding products which pay revenue sharing payments to LPL or its affiliate as an ongoing percentage of client assets. This conflict can cause clients to pay higher overall fees and expenses and have an impact on the investment performance of an account. Additionally, LPL receives significantly more revenue sharing from firms for which clients have the largest holdings, and some of LPL's contracts pay increased asset based fees when certain threshold are met. This creates a conflict of interest for LPL to promote and recommend those investments. However, these conflicts are mitigated insofar as the revenue sharing payments LPL receives are not shared with LPLE or the IAR who selects or recommends the investment products for client accounts.

The revenue that LPL receives 12b-1 fees, recordkeeping compensation, and revenue sharing arrangements is an important revenue stream and presents conflicts of interest that affect LPL's ability to provide clients with unbiased, objective investment advice concerning the selection of funds and share classes for a Portfolio in the case of Portfolios designed by LPL. In particular, LPL has a financial incentive: (i) to select a product or a Program Share Class that charges a 12b-1 fee and/or pays recordkeeping compensation to LPL over another comparable product or a share class that does not charge 12b-1 fees or pay recordkeeping compensation; (ii) to select a product sponsored by a company that makes revenue sharing payments to LPL, instead of another comparable product whose sponsor does not make such payments; and (iii) to select a product or a Program Share Class that charges 12b-1 fees, pays recordkeeping compensation to LPL, or whose sponsor makes revenue sharing payments to LPL that, in each case, are comparatively higher than those charged or paid by another comparable fund or share class or a sponsor of such products or share classes. Such other comparable products and/or share classes may be more appropriate for a client than the product or Program Share Class offered through the Program. Additionally, LPL receives significantly more revenue sharing from fund sponsors for which LPL's clients have the largest holdings, which creates a conflict of interest for LPL and LPLE to promote and recommend those investments. LPL's website at [lpl.com/disclosures.html](http://lpl.com/disclosures.html) identifies the mutual funds that pay recordkeeping compensation and the sponsors that make revenue sharing payments to LPL.

LPL credits to clients any 12b-1 fees it receives from mutual funds (other than the Sweep Funds), and therefore, LPL and LPLE do not have an incentive to select one fund or Program Share Class over another solely on the basis of the 12b-1 fee. In addition, LPL does not share 12b-1 fees, recordkeeping fees, or revenue sharing payments with LPLE, its IARs or PWP Advisors, and therefore, there is no financial incentive for LPLE, its IARs, or a PWP Advisor to select one fund or a Program Share Class over another comparable fund or share class on the basis of the 12b-1 fee, recordkeeping compensation, and revenue sharing payments that the fund or Program Share Class charges or provides to LPL. Although LPL does not share recordkeeping fees or revenue sharing payments with LPLE or its IARs, such fees and payments will increase LPL's profits and indirectly benefit LPLE and its IARs, for example by increasing the value of equity awards from LPL's parent company to IARs or by being used by LPL to support marketing or training costs.

#### Cash Sweep Service Options

LPL automatically transfers cash balances (including otherwise uninvested cash amounts received from the customer, securities transactions, dividend and interest payments, and other account-related activities) in a customer's eligible accounts through the account's designated sweep service option, where applicable. The type of sweep service options available (and how cash is held) depends on the customer's account type. LPL offers Federal Deposit Insurance Corporation ("FDIC")-insured bank sweep services for most customer accounts. Accounts may be eligible for the LPL Insured Cash Account ("ICA") Program, the LPL Deposit Cash Account ("DCA") Program or the money market mutual fund sweep, each described below. Not all sweep service options are available to all types of customer accounts. Cash sweep is offered as an account feature and service to facilitate the



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operation and maintenance of the account and is not intended to be used as an investment option or as part of an account's asset allocation, though for certain advisory accounts, it is typical for an account to have an allocation to cash to support the operational needs and fees charged to the account. LPL and its financial professionals do not typically recommend specific sweep service options or underlying sweep holdings. For more information, please see your customer agreement and the applicable ICA or DCA disclosure booklet, or the sweep money market fund prospectus.

The aggregate fees and expenses received by LPL in connection with the customer account's designated sweep service option can be higher or lower than the customer's yields on the sweep service option depending on the particular sweep option, prevailing interest rates and other market factors. See <https://www.lpl.com/disclosures/lpl-financial-fdic-insured-bank-deposit-sweep-programs.html> for Information about our customer fees and customer Interest rates for ICA and DCA, or contact your financial professional for information about our customer fees and customer interest rates for money market funds. Historically, customer yields in ICA have always been lower than the aggregate fees and charges received by LPL. Customer yields in DCA and in money market mutual funds have been both lower and higher than the aggregate fees and charges received by LPL.

Cash sweep services are not intended to be used for long-term investments and are more appropriately viewed as an indirect cost of maintaining and operating the account. LPL makes available a wide range of investment alternatives with differing risk and return characteristics, which are better suited for meeting customer investment needs and objectives. Customers should compare the terms, interest rates, required minimum amounts and other features of their account's applicable sweep service option available through other types of accounts and investment options available in their account.

FDIC insurance protects against the loss of FDIC-insured deposits if the depository institution or bank holding the deposit fails. LPL itself is not an FDIC-insured depository institution. With respect to our sweep service options, only balances received by, and deposited at, the ICA and DCA are eligible for FDIC insurance (subject to applicable limits). Eligibility for pass-through deposit insurance coverage for ICA and DCA, deposits is subject to fulfilling specific conditions. Client Cash Accounts and money market mutual funds are not customer bank deposits and are subject to investment risks, including the potential loss of the amount invested. These investments are not FDIC-Insured, but may be subject to SIPC protection.

- **Insured Cash Account (ICA).** LPL's ICA sweep service option automatically sweeps otherwise uninvested cash balances held within customer brokerage (and certain advisory accounts) into interest-bearing bank deposits eligible for FDIC insurance (subject to applicable limits). Under its agreement with each ICA participating bank in which customer cash may be swept, LPL receives a fee from the bank equal to a percentage of the average daily deposit balance held at the bank. Such fees differ among the participating banks depending on the current interest rate environment and/or any fee waivers made by LPL. The fee LPL receives is generally an average aggregate annual rate of up to 6% as applied across the deposits held at all of the ICA participating banks. Because the banks generally pay different amounts to LPL on account balances, fees received by LPL with respect to a specific customer account (and the account's cash holdings) may be higher or lower than this average percentage amount. The fees received by LPL from the ICA participating banks reduce the interest rate customers receive on their cash held through ICA. These fees are additional compensation to LPL for operating and maintaining the account and for LPL's other services to the account. LPL has chosen to offer ICA as the sole sweep service option for certain account types, in part because of the additional compensation LPL earns from the use of ICA.

In situations where customer cash balances allocated through ICA exceed the deposit availability at ICA participating banks, uninsured cash balances may be placed into an "overflow" Client Cash Account. Such balances are considered to be "free credit balances" and represent a direct liability of LPL to the customer. See below for information about how LPL is compensated on Client Cash Account balances.

- **Deposit Cash Account (DCA).** LPL's DCA sweep service option automatically sweeps otherwise uninvested cash balances held within certain advisory accounts into interest bearing bank deposits eligible for FDIC Insurance (subject to applicable limits). In the DCA program, each Bank pays compensation equal to a percentage of the average daily aggregated omnibus deposit balance held at the bank. This amount includes the fee for the third-party administrator,



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LPL's per account fee, and interest payable to participating accounts. Such fees differ among the participating banks. Customers have no rights to the amounts paid by the DCA participating banks, except for interest actually credited to the customer account. However, amounts collected from the DCA participating banks during each period, less interest credited, will be allocated on a per-dollar, per-account basis and used to offset each customer's monthly LPL account fee for providing the sweep services. In addition, part of the payment by the participating banks will be used to compensate the third-party administrator for its services. For its services under the DCA program, including making the platform available, LPL receives a per-account fee each month. The monthly fee is based on a fee schedule indexed to the current Federal Funds Target (FFT) Rate as detailed in the DCA Disclosure Booklet located on [lpl.com](http://lpl.com). The current fee can also be found at [lpl.com](http://lpl.com). It is expected that this fee will be recouped from the DCA participating banks and will not be a fee directly applied to customer accounts. The fee LPL receives under the DCA program does not vary, and is not affected by the actual amounts held in the deposit accounts or in the customer's account. LPL has chosen to offer DCA as the sole service option for certain account types, in part because of the additional compensation LPL earns from the use of DCA.

In situations where customer cash balances in DCA exceed the deposit availability at DCA participating banks, uninsured cash balances may be placed into an "overflow" money market mutual fund. See below for further information about fees generated by cash balances maintained in the DCA "overflow" money market mutual fund.

- **Client Cash Accounts – ICA Overflow Balances.** LPL receives additional compensation and benefits from the customer cash balances maintained in the ICA overflow mechanism, referred to as Client Cash Account, which constitute free credit balances available for LPL use. LPL can use free credit balances to fund its ongoing operations subject to the limitations under SEC Rule 15c3-3. Pursuant to Rule 15c3-3, LPL can (i) deposit free credit cash balances into a segregated deposit account at its banks, thereby earning interest on the Client Cash Account balances deposited, or (ii) invest the cash balances in securities backed by the full faith and credit of the U.S. government, thereby making money on any yield generated by such securities. The amount LPL will earn from these sources will vary based on market forces and the contracts for deposit arrangements that LPL is able to secure with its banks. LPL may use both or either of these vehicles at its sole discretion. Any amounts LPL receives pursuant to these sources will be reduced by the interest payable, if any, to customers on such balances, and further reduced by the cost of borrowing any funds necessary to meet its reserve requirements under Rule 15c3-3. For example, LPL may earn interest or a return by investing in short-term U.S. Government or Agency instruments or by using these balances to fund margin loans to its customers at a lower funding cost than would otherwise be the case. Customers do not share in the returns or proceeds associated with LPL's use or investment of such free credit balances, which are expected to exceed the amount of any Interest paid to the customer for Client Cash Account balances.
- **Money Market Mutual Fund Sweep Option.** For customer accounts not eligible for ICA or DCA, otherwise uninvested cash balances held in the account are automatically swept and invested daily into shares of a money market mutual fund. Currently, taxable and tax-exempt money market funds offered by J.P. Morgan Asset Management and Federated Services Company, are available. LPL receives compensation in the form of servicing fees of up to 0.25% of customer assets invested in J.P. Morgan Asset Management money market funds and up to 0.35% of customer assets invested in Federated Services Company money market funds. These money market mutual funds generally pay higher 12b-1 fees than other money market funds that are not used for sweep services. The 12b-1 fees and the payer of such fees are set out in the prospectus of the money market mutual fund. LPL receives service and administrative fees relating to the support of the sweep program from the sponsors of these funds, ranging between 0.25% and 0.45% of the assets Invested In the money market funds. Such fees may be waived by the fund companies in their sole discretion. These payments are in addition to other fees (e.g., recordkeeping and 12b-1 fees) received by LPL, where applicable.

LPL also receives fees of up to 0.45% for DCA "overflow" balances that are swept into the Goldman Sachs Asset Management Financial Square Government Fund, if any. The fees and the payer of such fees are set out in the prospectus of the money market fund.





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The compensation that LPL receives related to the ICA, DCA (including from any ICA and DCA overflow mechanisms) and the Sweep Funds is in addition to the Account Fee received with respect to the assets in the sweep investment. This compensation related to the ICA, DCA and Sweep Funds is an important revenue stream and presents a conflict of interest to LPL because LPL has a financial benefit if cash balances are maintained in the ICA, DCA or Sweep Funds. However, the compensation LPL receives on ICA, DCA and Sweep Funds is retained by LPL and is not shared with LPLE or its IARs. LPL Research does not take into account this compensation when it makes decisions on a Portfolio's allocation to cash.

#### Collateralized Lending Arrangements

LPL has partnered with certain banks to help facilitate clients' access to non-purpose lines of credit collateralized by their investment accounts. Because of LPL's arrangements with the banks participating in the collateralized lending program, clients may be limited in their ability to negotiate the most favorable loan terms. Clients are not required to use the banks in LPL's collateralized lending program, and can work directly with other banks to negotiate loan terms or obtain other, potentially more favorable, financing arrangements. If a Client obtains a loan from a non-partner bank, they should notify their IAR, of the amount of the line of credit. Clients should understand that the interest and additional fees paid to the bank in connection with the loan are separate from and in addition to the advisory fees the client pays LPL for its advisory services on the account.

LPL receives third party compensation from participant banks based on the amount of outstanding loans. Compensation can be up to 0.75% of the outstanding loan amount. This compensation to LPL varies, and, therefore, LPL can earn more or less depending on the bank selected by the client. The receipt of compensation poses a conflict of interest to LPL because LPL has a financial incentive for the client to select a bank in the collateralized lending program, as well as a participating bank that pays LPL more than other participating banks. However, LPL does not share this compensation with LPLE, or its IARs, and therefore, IARs of LPLE do not have a financial incentive if one bank is selected over another. LPLE and its IARs have an interest in continuing to receive investment advisory fees, which gives LPLE and its IARs an incentive to recommend that clients borrow money rather than liquidate some of their assets managed by LPLE and its IARs. This incentive creates a conflict of interest for LPLE and its IARs when advising clients seeking to access funds on whether they should liquidate assets or instead hold their securities investments and utilize a line of credit secured by assets in their account. Because LPLE and its IARs are compensated primarily through advisory fees paid on clients' accounts, LPLE and its IARs also have an interest in managing an account serving as collateral for a loan in a manner that will preserve sufficient collateral value to support the loan and avoid a bank call. This presents a conflict of interest with clients because it could incentivize LPLE's IARs to invest in more conservative, lower performing investments to maintain the stability of the account.

For additional disclosures regarding LPL's collateralized lending program, including a list of the banks currently participating in this program, please visit [lpl.com/disclosures.html](http://lpl.com/disclosures.html), click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then "Third Party Compensation and Related Conflicts of Interest."

#### Credit Cards

As part of its cash management services, LPL makes available for its customers credit cards through a partner bank. LPL receives a flat fee for each new activated credit card that is used by the cardholder in the first 90 days. LPL also receives a portion of the transaction volume of the cardholder's account. LPL's portion of the transaction volume varies depending on the number of LPL active cardholder accounts.



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# PERSONAL WEALTH PORTFOLIOS - PROGRAM BROCHURE

### Other Clients

Client should understand that LPL and LPLE perform advisory and/or brokerage services for various other clients, and that LPL and LPLE may give advice or take actions for those other clients that differ from the advice given to the client. The timing and nature of any action taken for the account may also be different.

### Review of Accounts

IARs of LPLE review accounts and meet with clients, on a regular basis or as requested by the client. IARs have access to review monthly or quarterly accounts statements as well as performance information, and such meetings may include a review of this information with the client.

LPL provides clients with regular written reports and statements regarding their accounts. LPL provides detailed performance information annually describing account performance and positions, with additional performance information available upon request. In addition, LPL sends to clients account statements showing transactions, positions, and deposits and withdrawals of principal and income. Portfolio values and returns shown in performance reports for the year-end time period may include mutual fund dividends paid out prior to December 31 but that were posted to the account within the first 2 business days of the subsequent year. The inclusion of such dividends in the year-end performance report may cause discrepancies between the report and the account statement client receives from LPL for the same period.

### Other Compensation

PWP Advisors reimburse LPL for costs associated with the use of technology necessary for a PWP Advisor to perform its services under the Program. LPL and LPLE employees and their IARs also receive additional compensation from product sponsors, such as a PWP Advisors. Such compensation may not be tied to the sales of any products or services. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, customer appreciation events or marketing or advertising initiatives, including services for identifying prospective clients. Product sponsors also pay for, or reimburse LPL and LPLE for the costs associated with, education or training events that may be attended by LPL and LPLE employees and IARs and for LPL or LPLE-sponsored conferences and events. LPL and LPLE employees and IARs also receive reimbursement from product sponsors for technology-related costs, such as those to build systems, tools and new features to aid in serving customers.

LPL and LPLE employees and their IARs provide sales support resources to IARs of LPLE that use LPL advisory programs. The compensation that LPL and LPLE pay to these employees varies based on the assets in LPL's different advisory programs. These sales employees have an incentive to promote PWP to IARs of LPLE over other advisory programs. These employees also earn more compensation when IARs transition client assets from brokerage accounts to advisory accounts, and have a financial incentive to encourage IARs of LPLE to transition brokerage accounts to advisory.

LPL receives compensation in the form of earnings on its short-term investment of cash in program accounts prior to the time the cash is invested for the account. These earnings are generally known as "float." Cash in the account would typically result from contributions to the account or sales of securities in the account. For accounts that opt out of the sweep program, the accounts typically remain in free credit balance. In such cases, LPL receives compensation in the form of earnings on cash. LPL does not share this compensation with LPLE or its IARs.

In the event a trade error occurs in the Account, and such error is determined to be caused by LPL or LPLE, LPL typically will cancel the trade and remove the resulting monetary loss to the client from the account. If a trade correction is required as a result of client (e.g., if client does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), LPL typically will cancel the trade and any resulting monetary loss will be borne by the client. In the case of a trade that requires a correction as described above and that resulted in a monetary gain to the client, such gain will be removed from the account and can result in a financial benefit to LPL.



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### Conflicts Related to Compensation to IARs and Unaffiliated Financial Institutions

IARs are associated with unaffiliated financial institutions, like insurance companies. Based on an arrangement between LPLE and the financial institution, IARs offer advisory services. Such advisory services are offered by LPLE and not the financial institution. Any securities recommended as part of the investment advice are not guaranteed by the financial institution, or insured by the Federal Deposit Insurance Corporation or any other federal or state deposit guarantee fund relating to financial institutions.

IARs have a financial incentive to negotiate fee arrangements that maximize their compensation. In some programs, LPLE charges a negotiable advisory fee for itself plus a fee for third-party managers that is not negotiable. Differences in fees for third-party managers, and the absence of such fees in other programs, creates a conflict of interest for the IARs insofar as IARs can negotiate a higher LPLE advisory fee for a program or strategy with lower or no separate manager fee than they could for an account subject to a higher third-party manager fee. The amount received by an IAR as a result of a client's participation in any particular program offered by LPLE often is more than the IAR would have received if the client participated in other programs, paid third-party manager fees, or paid separately for investment advice, brokerage and other services covered by the account fee.

LPLE has entered into agreements with the financial institutions pursuant to which LPLE typically shares compensation, including a portion of the Account Fee, with the financial institution or its affiliates. LPLE typically shares between 90% to 100% of the Account Fee with the financial institution with which the IAR is affiliated, or an affiliate of such financial institution, and the financial institution or its affiliate pays part of that amount to IAR. The financial institution establishes the compensation plan for the IAR, which is subject to approval by LPLE. The compensation plan determines how the IAR's compensation is structured.

This compensation the IAR receives from the financial institution could be more than if the client participated in other LPLE programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services, and likewise, the fees that are assessed by LPL or LPLE could be less for PWP than other programs or services. In such cases, the IAR has a financial incentive to recommend advisory services in PWP over other programs and services. Although the IAR may factor in the fees that are assessed by LPL or LPLE in the overall Advisory Fee negotiated by the client, IAR can still earn more for offering PWP at a lower overall fee rate than the fee rate for a program offering a third-party manager. If an IAR is recommending an advisory program or service, he or she must believe that the program or service is suitable and in the best interest of the client in accordance with the applicable standards under the Advisers Act or other applicable law. All compensation paid to the financial institution and the IAR will be the sole responsibility of LPLE, and will not result in any increase in the Account Fees you pay to LPL and LPLE.

LPLE also may provide other forms of compensation to financial institutions, such as bonuses, awards or other things of value offered by LPL or LPLE to the institution. For example, LPLE pays certain financial institutions based on production, in the form of repayable notes, reimbursement of fees that LPL or LPLE charges for items such as administrative services, and other things of value such as free or reduced-cost marketing materials, transition assistance for changing association from another broker-dealer or investment adviser firm to LPLE, advances of advisory fees, and/or attendance at LPL's or LPLE's national conference or top producer forums and events. LPLE pays this compensation based on overall business production and/or on the amount of assets serviced in LPLE advisory programs. LPLE pays this compensation based on overall business production and/or on the amount of assets serviced in LPLE advisory programs. The financial institution and IAR have a financial incentive for an IAR to recommend the program account and services that will result in the greatest compensation to the financial institution and IAR. If LPLE makes a loan to a new or existing financial institution, there is also a conflict of interest because LPLE's interest in collecting on the loan affects its ability to objectively supervise an IAR at that financial institution.

In addition, financial institutions are eligible to receive financial assistance from LPL in connection with transferring existing client accounts serviced at an approved third-party investment program to an on-platform LPL advisory or brokerage account ("Operational Assistance"). These payments are typically calculated as a percentage of assets transferred to LPL up to 0.15%, but in some cases may involve a flat amount up to \$350 per transferred account. While Operational Assistance is intended to offset bona fide time and effort incurred by the financial institution's IARs in identifying and coordinating transfers, these payments can



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create an incentive for IARs to recommend that clients transfer their assets to on-platform LPL advisory and brokerage accounts since this will result in additional compensation to the financial institution. However, an IAR may only recommend a program or service that he or she believes is suitable and in the best interests of a client in accordance with the standard of care under applicable law.

Some of these financial institutions are affiliated with investment product sponsors, meaning that the investment products are sponsored by the financial institution. An IAR associated with a financial institution has a conflict of interest when IAR encourages clients to invest in that financial institution's proprietary investment products because the financial institution can influence the compensation paid to the IAR or terminate their relationship with the IAR altogether. Certain IARs are statutory agents of financial institutions that are affiliated with investment product sponsors, which means that they receive benefits and insurance as part of their contractual arrangement with those financial institutions. To be statutory agents, such IARs must primarily sell insurance products as their principal business activity, which creates a conflict of interest because such forms of non-cash compensation incentivize IARs to utilize proprietary products. In addition, when an affiliated investment product is selected for an account, the financial institution receives a portion of the Account Fee pursuant to the agreement between LPLE and the financial institution and its affiliate receives fees from the affiliated investment product except to the extent those fees are credited back to the client's account. Because affiliates of the financial institution earn fees and other benefits from the affiliated product, the IAR has an incentive to select its affiliated products based on the compensation and benefits its affiliates receive rather than on a client's needs. Certain financial institutions provide credits for affiliated investment products. We update this information from time to time on [lpl.com/disclosures.html](http://lpl.com/disclosures.html). For more information, click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then "Third Party Compensation and Related Conflicts of Interest."

Note that the IAR does not receive additional compensation from the financial institution for selecting affiliated products and the IAR may only utilize an investment product that he or she believes is appropriate for clients. LPL reviews and selects investment products for the program and LPL may elect to remove or replace an investment product. There is a conflict of interest because the business relationship between LPL and the financial institution could affect LPL's ability to objectively select and determine whether to continue to maintain these investment products in the program. However, LPL only approves investment products that it determines are suitable and in the best interests of clients using the program, depending on clients' investment objective and risk tolerance.

Specifically, if your IAR is associated with the Prudential Insurance Company of America ("PICA"), you should note that certain model portfolios created by PGIM Investments LLC ("PGIM Investments"), an affiliate of PICA, are available in the Program. These model portfolios include mutual funds that are advised and/or sub-advised by affiliates of PICA ("PICA Proprietary Funds"). PICA Proprietary Funds can represent all of the investments in the portfolio. PGIM Investments, as a Model Advisor, has an incentive to select PICA Proprietary Funds for its models due to the compensation and benefits it and/or its affiliates receive(s). As a Model Advisor, PGIM Investments does not charge a Manager Fee for PGIM Investments model strategies, but PGIM is compensated by the fees associated with the underlying PICA Proprietary Funds it selects for the strategies. Your IAR has an incentive to select the PGIM model portfolios for your account due to their association with PICA, which can influence their compensation or terminate their relationship altogether. However, your IAR may only recommend a model portfolio that he or she believes is appropriate for you and in your best interest. Qualified retirement accounts receive a credit in an amount equal to the mutual fund advisory and administrative services fees that PICA affiliates receive in connection with the affiliated mutual funds held in the account.

#### Financial Information and Custody

LPLE will utilize LPL to maintain custody of assets in the Program. LPL is a qualified custodian as defined in Rule 206(4)-2 under the Advisers Act and maintains custody of PWP client funds and securities in a separate account for each client under the client's name. LPL as a qualified custodian sends account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. LPL sends account statements periodically when the account has had activity or quarterly if there has been no activity. Clients should carefully review those account statements.



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### Brokerage Practices

LPLE requires that clients direct LPL as broker-dealer to execute transactions in a PWP account. Clients should understand that not all advisors or Program sponsors require their clients to direct brokerage. The fact that LPLE's affiliate, LPL, is the broker-dealer on the account presents a conflict of interest. By directing brokerage to LPL, clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money. However, clients should understand that LPL is not paid a commission for executing transactions in PWP accounts. In addition, in the case of mutual funds, execution is made at the net asset value of the fund. Although LPL is not paid a commission or transaction charge for transactions in the account, LPL bears costs for each transaction made in an account. This presents a conflict of interest because these costs may be a factor LPL considers when deciding which securities to select and whether or not to place transactions in an account. However, LPL mitigates this conflict by compensating the team responsible for directing the trades through a bonus based on the performance of the portfolios; therefore, the team is not incentivized by cost reduction.

Dividends paid by securities in a client's account may be automatically reinvested or may be paid to the client in cash. In general, mutual fund dividends will be reinvested in the specific mutual fund paying the dividend, while dividends for equity securities, ETFs and ETNs will generally be paid in cash. Interest on fixed income securities is paid in cash.

If a Portfolio is selected that includes a Muni Model, the PWP Advisor will have discretion to purchase and sell securities in the Muni Sleeve of the account. In connection with its duty to seek to achieve best execution, the PWP Advisor may choose to execute transactions through a broker-dealer other than LPL. In such case, the execution price may include a commission, markup or markdown, or other charges in addition to the Account Fee. Clients should read and understand the brokerage practices and other disclosures in the Firm Brochure of the PWP Advisor for the Muni Model.

LPL will aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. LPL also will aggregate rebalancing transactions for an account with other program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

Certain orders may be blocked or subject to review by LPL before they are directed to an exchange or market maker for execution. This review may result in a delay in execution. LPL reserves the right to place restrictions on your account in our sole discretion, and to cancel any order that we believe would violate federal credit regulations or other regulatory limitations; however, LPL will have no responsibility or liability for failing to cancel any order.

### Brochure Supplements

Accompanying this Brochure are Brochure Supplements for members of the LPL Research Team. Note that although these individuals are responsible for certain investment advice provided by LPL, and may meet with LPLE clients from time to time, they are not responsible for the ongoing individualized investment advice provided for your account. For more information about the IAR managing your account, please refer to the Brochure Supplement(s) for your IAR(s), which should have been provided along with this Brochure at the time you opened the account. If you did not receive a Brochure Supplement for your IAR, please contact your IAR or LPLE at [lpenterprise.adv@lplfinancial.com](mailto:lpenterprise.adv@lplfinancial.com).



## BROCHURE SUPPLEMENTS

March 31, 2025

Marc Andrew Zabicki  
Louis James Carpenetti  
Garrett Fish  
Jason Hoody  
Kristian Kerr  
Jeffrey Roach

Adam Turnquist  
Lawrence Dean Gillum  
Jina Yoon  
Quincy Krosby  
Thomas Shipp  
Craig Brown  
Scott Froidl

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These Brochure Supplements provide information about certain LPL employees or officers that supplements the LPL Financial Brochure that is attached to these Brochure Supplements. Please contact LPL Financial at the number above if you did not receive the LPL Financial Brochure or if you have any questions about the contents of these Brochure Supplements. You may also contact your LPL investment advisor representative with questions. Additional information about these LPL employees or officers is available on the SEC's website at <https://adviserinfo.sec.gov/>.

Note that although these LPL employees or officers included in these Brochure Supplements are responsible for investment advice provided by LPL they are not the IARs responsible for the ongoing individualized investment advice provided to a particular client. For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR, which should have been provided by the IAR along with the LPL Financial Brochure and these Brochure Supplements at the time client opened the account. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lplfinancial.adv@lplfinancial.com](mailto:lplfinancial.adv@lplfinancial.com).

### **Marc Andrew Zabicki**

#### **Educational Background and Business Experience**

Marc Zabicki was born in 1966. He has a BS in Economics from Florida State University and he is a Chartered Financial Analyst (CFA). He is Chief Investment Officer and the Director of Research for LPL Research and has been with the firm since 2020. Prior to joining LPL, he was Chief Investment Officer at Bower Hill Capital Management.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Zabicki is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Zabicki receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL

Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

#### **Supervision**

Mr. Zabicki is responsible for the advice provided by the LPL Research Department through LPL's advisory programs, and he reports to Rob Pettman, Executive Vice President. The advice provided by Mr. Zabicki is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer ("CCO"), Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.



## **BROCHURE SUPPLEMENTS**

### **Louis James Carpenetti**

#### **Educational Background and Business Experience**

Louis James Carpenetti was born in 1971. He has a BS in Management from Palm Beach Atlantic University, an MBA from Georgia College & State University, a CFA Charterholder and has earned the CFP® certification. He is a Senior Vice President of Trading at LPL and joined LPL in July 2021. Prior to joining LPL, Mr. Carpenetti was Managing Director for Truist for 22 years serving in a variety of management and trading capacities.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Carpenetti is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Carpenetti receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

#### **Supervision**

As a Senior Vice President, Mr. Carpenetti is responsible for trade execution in LPL's advisory programs, subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Garrett Fish**

#### **Educational Background and Business Experience**

Garrett Fish was born in 1969. He has a BA in Japanese History from Bates College and is a CFA Charterholder. He

is a Senior Vice President and Head of Model Portfolio Management at LPL and joined LPL in 2022. Prior to joining LPL, Mr. Fish was a Portfolio Manager at JPMorgan Asset Management.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Fish is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Fish receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

#### **Supervision**

Mr. Fish reports to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Fish is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Jason Hoody**

#### **Educational Background and Business Experience**

Jason Hoody was born in 1975. He has a BS in Political Science from Clarkson University, an MA in International Affairs from American University, an MS in Finance from Johns Hopkins University, and is a CFA Charterholder. He is a Senior Vice President in Research at LPL and joined LPL in 2015. Prior to joining LPL, he was a Vice President at BB&T and an analyst at KPMG.



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### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

Mr. Hoody receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Hoody reports to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Hoody is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Kristian Kerr**

#### **Educational Background and Business Experience**

Kristian Kerr was born in 1977. He has a BBA in International Business from Schiller International University in Madrid, Spain. He is a Senior Vice President and the Head of Macro Strategy at LPL and joined LPL in 2023. Prior to joining LPL, Mr. Kerr worked at Citi Private Bank as the Western Region Head of Foreign Exchange & Macro.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Kerr does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

### **Additional Compensation**

Mr. Kerr receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Kerr reports to Mr. Zabicki, the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Kerr is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Jeffrey Roach**

#### **Educational Background and Business Experience**

Jeffrey Roach was born in 1973. He has a BS in Mathematics from Bob Jones University and a MA and PhD in Economics from Clemson University. He is Chief Economist at LPL and joined LPL in 2022. Prior to joining LPL, Dr. Roach was Senior US Economist for Visa Inc, Managing Director, Economist at MacroView Partners and Chief Economist at Horizon Investments.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Dr. Roach is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Dr. Roach receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL





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Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Dr. Roach reports to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Dr. Roach is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Adam Turnquist**

#### **Educational Background and Business Experience**

Adam Turnquist was born in 1984. He has a BS from the University of Minnesota-Duluth and an MBA from the University of St. Thomas. He is Chief Technical Strategist and joined LPL in 2022. Prior to joining LPL, Mr. Turnquist worked as a Vice President, Technical Research Analyst at Piper Sandler.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Turnquist is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Turnquist receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance,

capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Turnquist reports up to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Turnquist is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Lawrence Dean Gillum**

#### **Educational Background and Business Experience**

Lawrence Gillum was born in 1974. He has a BS from University of Florida and a Master in Business Administration from the University of North Carolina, Keenan Flagler Business School. He is a Vice President of Research at LPL and joined LPL in 2021. Prior to joining LPL, Mr. Gillum served as a Director at Raymond James where he oversaw fixed income research within the firm's discretionary model platform.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Gillum is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Gillum receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return,



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and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Gillum reports up to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Gillum is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Jina Yoon**

#### **Educational Background and Business Experience**

Jina Yoon was born in 1983. She has a BS and MEng from Cornell University. She is Chief Alternate Investment Strategist at LPL and joined LPL in 2023. Prior to joining LPL, Ms. Yoon was the Head of Portfolio Management & Senior Portfolio Manager at Nomura Private Capital. Prior to Nomura, she served both Institutional and Private Wealth Clients as the Head of Tactical Strategies at Credit Suisse.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Ms. Yoon does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Ms. Yoon receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Ms. Yoon reports up to Mr. Zabicki, the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Ms. Yoon is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Quincy Krosby**

#### **Educational Background and Business Experience**

Quincy Krosby was born in 1948. She has an MPhil and PhD from The London School of Economics. She is Chief Global Strategist at LPL and joined LPL in 2022. Prior to joining LPL, Ms. Krosby worked at Prudential Financial as Chief Market Strategist.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Ms. Krosby is a registered representative of LPL. However, she does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Ms. Krosby receives a regular salary.

### **Supervision**

Ms. Krosby reports to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. This is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.



## **BROCHURE SUPPLEMENTS**

### **Thomas Shipp**

#### **Educational Background and Business Experience**

Thomas Shipp was born in 1984. He has a BS in Business Administration from Fordham University and is a CFA Charterholder. He is a Vice President and Head of Equity Research at LPL and joined LPL in 2017. Prior to joining LPL, Mr. Shipp was an Associate in the Equity Research Department at BMO Capital Markets.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Shipp is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Shipp receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

#### **Supervision**

Mr. Shipp reports to Mr. Zabicki, the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Shipp is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Craig Brown**

#### **Educational Background and Business Experience**

Craig Brown was born in 1988. He has a dual BS in Economics and Information Analysis from James Madison

University and a MAIS in Computational Social Science from George Mason University. He is a Vice President and Head of Quant Strategy at LPL and joined LPL in 2021. Prior to joining LPL, Mr. Brown was a Senior Associate in Investment Analytics and Data at Dimensional Fund Advisors.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Brown does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Brown receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

#### **Supervision**

Mr. Brown reports to Mr. Zabicki, the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Brown is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Scott Froidl**

#### **Educational Background and Business Experience**

Scott Froidl was born in 1971. He has a BS from Lindenwood University. He is an Assistant Vice President Senior Investment Analyst at LPL and joined LPL in 2021. Prior to joining LPL, Mr. Froidl was a Senior Investment Analyst at Wells Fargo from 2018 until 2021 and Senior Investment Analyst at Stifel in 2018 while starting with the firm in 2001.



## **BROCHURE SUPPLEMENTS**

### **Disciplinary Information**

None.

### **Other Business Activities**

Mr. Froidl is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

### **Additional Compensation**

Mr. Froidl receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Froidl reports to Mr. Zabicki, the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Froidl is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **Jeffrey Alan Buchbinder**

#### **Educational Background and Business Experience**

Jeffrey Alan Buchbinder was born in 1971. He has a BA in Economics from Northwestern University and an MBA from Duke University. He is Chief Equity Strategist and Portfolio Manager for LPL Financial Research and has been with the firm since 2003. Prior to joining LPL, he served as an Equity Research Associate at Sanford C. Bernstein. Prior to Bernstein, he was an Equity Research Associate at Deutsche Bank.

#### **Disciplinary Information**

None.

### **Other Business Activities**

Mr. Buchbinder is a registered representative of LPL. However, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

### **Additional Compensation**

Mr. Buchbinder receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Buchbinder reports up to Mr. Zabicki, Chief Investment Officer and the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Buchbinder is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.

### **George Smith**

#### **Educational Background and Business Experience**

George Smith was born in 1983. He has a BS in Mathematics from the University of Bristol in the United Kingdom (UK). He is Portfolio Strategist at LPL and joined LPL in 2013. Prior to joining LPL, Mr. Smith worked in London, UK for Legal and General Investment Management (LGIM) and Goldman Sachs Asset Management (GSAM).

#### **Disciplinary Information**

None.

#### **Other Business Activities**

Mr. Smith is a registered representative of LPL. However, he does not engage in the sale of securities or receive



## **BROCHURE SUPPLEMENTS**

commissions or other compensation based on the sale of securities or other investment products.

### **Additional Compensation**

Mr. Smith receives a regular salary and a discretionary bonus. Since the bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research, it presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### **Supervision**

Mr. Smith reports up to Mr. Zabicki, the Director of Research of LPL, who is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Smith is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The CCO, Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The Advisory Compliance Department can be reached at (800) 877-7210.



# LPL ENTERPRISE, LLC FIRM BROCHURE

LPL Enterprise, LLC  
1055 LPL Way, Fort Mill, SC 29715  
[www.lpl.com/lpl-enterprise.html](http://www.lpl.com/lpl-enterprise.html) (704) 733-3482

March 31, 2025

This brochure provides information about the qualifications and business practices of LPL Enterprise, LLC ("LPLE"). If you have any questions about the contents of this brochure, please contact your LPLE representative or LPLE at [LPLEnterprise.ADV@lpl.com](mailto:LPLEnterprise.ADV@lpl.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about LPLE also is available on the SEC's website at <https://adviserinfo.sec.gov/>

## ITEM 1 COVER PAGE

## ITEM 2 MATERIAL CHANGES

The following is a summary of certain changes made to this Brochure from the time of the initial filing dated July 5, 2024. Item 4 was updated to include a description of a Third-Party Asset Management Program. Additional risk disclosures were added in Item 8 related to third-party service providers' or any counterparties' potential use of artificial intelligence and machine learning, as well as risks related to investment strategies that seek to enhance after-tax performance, including funds that utilize a tax-managed strategy (e.g., an "exchange fund"). Item 9 was updated to provide information regarding disciplinary events of our affiliate LPL Financial LLC, involving (i) a settlement with the SEC that included a \$50 million fine for failing to maintain required records of certain business-related communications; and (ii) a settlement with the SEC that included an \$18 million fine for LPL not following its anti-money laundering policies for its customer identification program and ongoing customer due diligence obligations. Item 14 was updated to disclose that financial institutions may receive up to 0.15% of assets transferred to on-platform LPLE programs from third-party investment programs as Operational Assistance.

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# LPL ENTERPRISE, LLC FIRM BROCHURE

## ITEM 4 ADVISORY BUSINESS

### Introduction

LPLE is an investment adviser registered with the Securities and Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940 (the "Advisers Act"). Note that registration as an investment adviser with the SEC does not imply a certain level of skill or training. LPLE is owned 100% by LPL Holdings, Inc., which is owned 100% by LPL Financial Holdings Inc., a publicly held company.

LPLE's advisory services are made available to clients primarily through individuals associated with LPLE as investment adviser representatives ("IARs"). For more information about the IAR providing advisory services, client should refer to the Brochure Supplement for the IAR. The Brochure Supplement is a separate document that is provided by the IAR along with this Brochure before or at the time client engages the IAR. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPLE at [LPLEnterprise.ADV@lpl.com](mailto:LPLEnterprise.ADV@lpl.com). IARs are required by applicable rules and policies to obtain licenses and complete certain training in order to recommend certain investment products and services. You should be aware that your IAR, depending on the licenses or training obtained, may or may not be able to recommend certain investments, models, programs, or services. In addition, your IAR may be associated with a financial institution that does not offer certain products, investments, models, programs, or services. Please ask your IAR whether any limitations apply.

### Types of Advisory Services

LPLE offers various types of advisory services and programs, including a wrap program called Model Wealth Portfolios ("MWP") sponsored by its affiliate, LPL Financial LLC ("LPL") and financial planning and consulting services. This Brochure provides certain information about MWP and information about financial planning and consulting services. LPL provides a separate disclosure brochure for MWP. If clients would like more information on MWP, clients should contact their IAR for a copy of that program brochure or go to <https://adviserinfo.sec.gov>. LPLE conducts its advisory business under the name "LPL Enterprise, LLC." Although LPLE uses separate marketing names, LPLE does not conduct any advisory business primarily through any of those entities.

LPLE is also a broker-dealer registered with the Financial Industry Regulatory Authority ("FINRA"), and IARs are typically also registered with LPLE as broker-dealer registered representatives. Therefore, in such cases, IARs are able to offer a client both investment advisory and brokerage services. Before engaging with an IAR, clients should take time to consider the differences between an advisory relationship and a brokerage relationship to determine which type of service best serves the client's investment needs and goals. All recommendations regarding advisory accounts will be in an advisory capacity, and any recommendations regarding any brokerage account will be in a brokerage capacity, unless a client is expressly told otherwise. Clients should speak to the IAR to understand the different types of services available through LPLE. Not all LPLE IARs have access to all products and services.

Following is a summary description of advisory services covered by this Brochure. Please consult the applicable client account agreement and fee schedules for additional information and details regarding these programs and services.

### Financial Planning & Consulting Services

Under our Financial Planning & Consulting Services Program, LPLE, through its IARs, provides personal financial planning and consulting services tailored to the individual needs of the client. The scope and duration of services varies and is determined between the client and IAR, and may range from comprehensive financial planning to consulting on a particular issue, including focus on topics such as retirement planning, education planning, estate planning, cash flow/budget planning, risk management planning, personal wealth planning, tax planning, business planning, investment planning/asset allocation, divorce planning, executive compensation strategies, or such other financial planning or consulting services needs as designated in the Financial Planning & Consulting Services Program Agreement, and may include delivery of a written financial plan or report depending upon the scope of agreed upon services.



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The client remains solely responsible for determining whether or not to implement program recommendations and taking all necessary steps to do so. LPLE and IAR will not exercise investment discretion or implement any investment advice or recommendations provided as part of the services. Rather, the services are offered as point-in-time based consultations that are provided either on a one-time basis or periodically at such frequency as requested by client, and do not include providing ongoing active investment management or monitoring services. Moreover, to the extent that the services include consideration of a client's group or individual qualified retirement plan assets, this is not intended to result in LPLE or IAR acting as a "fiduciary" as such term applies under the Employee Retirement Security Act of 1974 ("ERISA") or the Internal Revenue Code. Clients may elect to retain LPLE and IAR to provide various securities and/or ongoing investment management or monitoring services by enrolling in other programs available through LPLE.

### Third Party Asset Management (TAMP)

TAMP services are generally offered through LPLE as co-investment advisory service arrangements but may also be referral-based in nature, as designated within the applicable TAMP sponsor (as defined below) agreement, disclosures or other account paperwork provided to the client when establishing a TAMP account.

*Co-Investment Advisory Services:* LPLE, through its IARs, provides access to asset management programs offered by third-party investment advisors (referred to as "TAMP sponsors") with which LPLE have entered an agreement to provide services as a co-investment advisor. These TAMP sponsors are subject to review according to LPLE standards for inclusion as a TAMP and change from time to time. As of the date of this Brochure, these firms include AssetMark, Beacon, Brinker Capital, City National Rochdale Investment Management, Dunham & Associates, Flexible Plan, FOCUS Partners (formerly Buckingham Strategic Partners), Freedom Investment Management, Madison Investments, Matson Money, Manning & Napier, Members Trust Company, Morningstar Investment Services, Orion Portfolio Solutions, SEI, Symmetry Partners, and The Pacific Financial Group. Please consult IAR for information regarding available TAMP sponsors.

TAMP services generally begin by the IAR assisting the client with setting an appropriate investment objective based on their unique financial circumstances and needs, determining the appropriateness of the program and opening an account with a suitable TAMP sponsor. The IAR also typically assists the client with selecting a suitable model investment portfolio consisting of securities selected and managed by either the TAMP sponsor or a designated portfolio management firm (referred to as a "subadvisor") available through the TAMP sponsor. The TAMP sponsor or subadvisor is typically granted authority in its client agreement to purchase and sell securities on a discretionary basis pursuant to the investment objective chosen by the client, though trading authority may be limited to non-discretionary under certain circumstances based on the terms of the terms governing the arrangement. LPLE, through its IAR, provides ongoing monitoring of the client's TAMP account and may periodically recommend changes to the model portfolio, or TAMP sponsor or subadvisor, as appropriate based on changes to the client's investment objective or other relevant factors. In the case of group retirement plans, LPLE and the IAR do not act as an "investment manager" as defined under Section 3(38) of ERISA, unless otherwise expressly acknowledged in writing by LPLE.

The TAMP sponsor and subadvisors typically provide impersonal investment advice by constructing and maintaining various model investment portfolios that are managed according to specific investment strategies associated with the corresponding models, and that are not generally customized for individual clients (subject to the client's ability to request reasonable investment restrictions. In limited cases, the TAMP sponsor or subadvisor may enable the IAR or client a great degree of influence and/or discretion to customize model portfolio holdings, pursuant to the terms of the TAMP sponsor's client agreement. In addition to portfolio management services, the TAMP sponsor will also generally arrange for custody of client assets, trade execution, cashiering services, and such other services as outlined in their separate client agreement and disclosure brochure.

Since the services provided by each TAMP sponsor or subadvisor are unique, clients should request and carefully review the applicable disclosure brochure, client agreement and other account paperwork for each TAMP for more detailed information about the services provided by the TAMP sponsor, including without limitation, a description of the TAMP sponsor's background, investment strategies, fees, custody arrangements, conflicts of interest, and other relevant information regarding the TAMP sponsor's services and business practices. Clients may request a copy of their disclosure brochure from the IAR or by





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visiting <https://adviserinfo.sec.gov/>. Clients may also request the Form ADV 2B Supplemental Brochure for TAMP sponsors and subadvisors from their IAR for detailed information about the management personnel responsible for managing TAMP investment portfolios.

*Referral-based Services:* On a limited basis, LPLE offers TAMP referral and related services through its IAR, to accommodate certain (i) clients serviced by AssetMark or BNY Mellon Wealth Management, (ii) group retirement plan sponsors or participants and (iii) other legacy or unique client arrangements LPLE elects to accommodate and service on a referral basis. In such case, the TAMP client agreement, disclosures or other account paperwork will ordinarily identify LPLE and its IARs as either a referral agent, solicitor or promoter, and outline details of the referral arrangement between the TAMP sponsor and LPLE. Under these arrangements, the client engages the TAMP sponsor as the investment advisor responsible for providing ongoing investment advice and portfolio management, and LPLE is compensated by the TAMP sponsor for providing the referral, enrollment and ongoing account administrative support as a liaison between the client and TAMP sponsor through the IAR.

### Access to LPL Programs

LPLE offers clients access to LPL's MWP investment advisory program. MWP is a unified managed account program in which LPL and LPLE provide ongoing investment advice on a discretionary basis. LPLE, through IAR, obtains the necessary financial data from the client, assists the client in determining the suitability of the program and assists the client in setting an appropriate investment objective. LPLE selects one or more model portfolios of securities (each, a "Portfolio") designed by LPL's Research Department, a third-party investment strategist, or LPLE, through IAR (each, a "Portfolio Strategist"), consistent with the client's stated investment objective. These Portfolios may contain mutual funds, exchange-traded funds ("ETFs"), exchange-traded notes ("ETNs"), closed-end funds, equities, or fixed-income securities. LPLE, through IAR, provides ongoing advice on the selection or replacement of a Portfolio based on the client's individual needs and may choose more than one Portfolio to be managed within a single MWP account. A Portfolio also may be comprised of one or more underlying models.

Clients grant LPLE and IAR discretion to choose among the available models designed by the Portfolio Strategists. The Portfolio Strategist is responsible for selecting the securities within a Portfolio and for making changes to the securities selected. Each Portfolio Strategist provides its model portfolio to LPL, and LPL makes the decisions on how to implement the model on behalf of clients.

Clients should review the MWP Program Brochure for more detailed information about this program.

## ITEM 5 FEES AND COMPENSATION

### Financial Planning & Consulting Services

Clients generally pay either a flat or hourly fee and will be billed at such frequency (e.g., upfront, monthly, quarterly or annually) as negotiated with the IAR and indicated in Schedule A to the client agreement. These fees typically range from \$0 to \$10,000, or up to \$500 per hour, but may exceed this amount depending on the frequency and scope of complexity of the financial planning engagement. The IAR may elect to provide these services on a discounted or complimentary basis for no fee. Clients should understand that the fee client negotiates with IAR for these services will be higher than the fees charged by other investment advisors for similar services in certain circumstances and particularly, if the fee is at or near the maximum fees set out above. The IAR is responsible for determining the fee to charge each client based on factors such as total amount of assets involved in the relationship, the complexity of the planning services, and the number and range of supplementary advisory and client-related services to be provided. Clients should consider the level and complexity of the planning services to be provided when negotiating the fee with IAR.

Clients may pay the financial planning fee by check made payable to LPL Enterprise, LLC. In the alternative, clients may instruct and authorize LPL to debit the fee on a one-time or recurring basis either (i) from a non-retirement account of the client custodied at LPL or (ii) through an LPLE approved third party payment processing service.

The client may terminate their services agreement at any time and request a refund of unearned fees, if any, based on the time and effort of services completed prior to termination of the agreement.



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### TAMP – Co-Investment Advisory Model

For co-investment advisory TAMP arrangements, LPLE and the TAMP sponsor each charge an advisory fee to the client for their respective services as indicated in the TAMP sponsor's account paperwork. The LPLE IAR negotiates the fee payable to LPLE typically up to a maximum of 2% (but may be higher in certain circumstances) and the TAMP sponsor often discloses a standardized fee schedule with a set minimum or maximum fee, though its fees may also be negotiable. The advisory fee is ordinarily based on the value of assets under management as calculated by the designated custodian, which generally deducts and pays fees to LPLE and the TAMP sponsor either quarterly in arrears or in advance, although some arrangements may support monthly fees. The total advisory fee is often paid to the TAMP sponsor which in turn pays the agreed upon portion to LPLE. LPLE typically shares between 90% to 100% of the advisory fee with the financial institution with which the IAR is affiliated or an affiliate of such financial institution. The program agreements and/or disclosure brochures provided by LPLE and the TAMP sponsor will outline how a client may terminate a TAMP arrangement and request a refund of any pre-paid unearned fees.

There are other fees and charges imposed by the TAMP sponsor or third parties that apply to investments in TAMP accounts. Some of these fees and charges are described below and should also be outlined in the TAMP sponsors' respective disclosure brochures as applicable. The client will be charged commissions, markups, markdowns, or transaction charges by the broker-dealer who executes transactions in the TAMP account. There also are custodial related fees imposed by the custodian of assets for the program account. These additional fees and charges will be set out in the TAMP disclosure brochure and the agreements executed by the client at the time the account is opened. LPLE does not share in any of the transaction fees or custodial fees associated with TAMP accounts.

If assets are invested in mutual funds, ETFs or other pooled funds, there are two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. Client will also pay the TAMP advisory fee with respect to those assets. The mutual funds and ETFs available in the programs often may be purchased directly. Therefore, clients could avoid the second layer of fees by not using the advisory services of the TAMP and IAR and by making their own decisions regarding the investment.

A mutual fund in a TAMP account may pay an asset based sales charge or service fee (e.g., 12b-1 fee) that is paid to the broker-dealer on the account. LPLE and LPLE IARs generally are not paid these fees for TAMP accounts.

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

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

Client understands that a TAMP account will be charged an ongoing fee for investment advisory services and that the ongoing fee may cost more than if the assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction, and there is typically no duty to provide ongoing advice with respect to the account. If client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, client should consider opening a brokerage account rather than a TAMP account.

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



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

The investment products and services available to be purchased in TAMP accounts can be purchased by clients outside of a TAMP account, through LPLE, or through broker-dealers or other investment firms not affiliated LPLE or the TAMP sponsor. In addition, investment models or subadvisors offered by TAMP sponsors may also be available through other LPLE advisory programs at a lower overall cost to clients. Where the same model or subadvisor is offered by a TAMP and in another LPLE advisory program, the total cost a client pays to access these through a TAMP, including amounts charged directly or indirectly for co-advisory or referral fees to paid LPLE and the LPLE IAR could exceed the total inclusive cost for access to the same model or subadvisor through an alternative LPLE advisory program. Advisory programs differ in overall features and functionalities offered, and an IAR may only recommend a program or service that he or she believes is suitable and in the best interest of a client.

TAMP sponsors may offer one or more share classes per mutual fund in their investment models or programs. Share classes are different types of mutual fund shares that typically carry different levels of distribution or servicing fees and are available for purchase by different types of investors, and include, for example, "Class I, "institutional," "investor," "retail," "service," "administrative" or "platform" share classes. For LPLE's other advisory programs, mutual fund share classes are generally no-load or load-waived, however the share classes are, in many cases, not the least expensive share class that the mutual fund makes available. In the TAMPs, the TAMP sponsor or a model advisor or subadvisor determines which mutual fund share classes to use. The share classes chosen by the TAMP sponsor or other third-party adviser may be more or less expensive to clients than those available in the other advisory programs. Therefore, clients may be able to purchase the same mutual funds outside of the TAMP account for lower fees.

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

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

### Fees for LPL Programs

Clients in the MWP program are charged an annualized account fee which is comprised of an advisory fee and a manager fee. The advisory fee is charged for the investment advisory services of LPLE as well as the as well as the investment advisory, administrative, trading, custodial and clearing services of LPL. The maximum advisory fee is 2.35% and is negotiable. Depending upon the model(s) selected for the account, clients pay a manager fee set by LPL for the use of each model portfolio. The manager fee ranges from 0% to 0.60%. LPL deducts the account fee and other fees and charges associated with an MWP account quarterly in advance. In addition to the account fee, clients also pay LPL other additional miscellaneous administrative and custodial-related fees and charges and other fees and charges imposed by third parties that apply to an MWP account. Clients should review the MWP Program Brochure for more information about the fees associated with this program.

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

This Item is not applicable. LPLE and its IARs do not accept performance-based fees.

### ITEM 7 TYPES OF CLIENTS

LPLE's advisory services are available for individuals, individual retirement accounts ("IRAs"), banks, thrift institutions, credit unions, pension and profit-sharing plans, including plans subject to ERISA, participants in such plans, trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.



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LPL requires a minimum asset value for an MWP account to be managed, as disclosed in the MWP Program Brochure. LPLE does not require a minimum asset amount for financial planning and consulting services.

For TAMPs, the TAMP sponsor typically establishes a minimum account value, which will be set out in the account opening documents and Form ADV Part 2A of the TAMP sponsor.

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

LPLE and its IARs have access to various LPL and third-party research reports and model portfolios, including from the Research Department of its affiliate LPL, to which they may refer in determining investment advice to clients. LPLE and the IAR choose their own research methods, investment style and management philosophy. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

#### Types of Investments and Risks

Depending on the type of service being provided, LPLE and its IARs can recommend different types of securities, including mutual funds, closed-end funds, ETFs, ETNs, equities, and fixed income securities. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some risks associated with investing and with some types of investments that an IAR can recommend depending on the service provided.

- *Market Risk.* This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- *Interest Rate Risk.* This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- *Economic Conditions Risk.* This is the risk that economic, political, or financial developments will, from time to time, result in periods of volatility or other adverse effects that could negatively impact your account.
- *Credit Risk.* This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- *Liquidity Risk.* This is the risk that an investor would not be able to sell or redeem an investment quickly, or would not be able to sell or redeem an investment quickly without significantly affecting the price. Liquidity risk is heightened when markets are distressed. Generally, alternative investments have higher liquidity risk than equities, fixed income securities or mutual funds or ETFs.
- *Issuer-Specific Risk.* This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- *Investment Company Risk.* To the extent a client account invests in ETFs or other investment companies, its performance will be affected by the performance of those other investment companies. Investments in ETFs and other investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses. If a client account invests in other investment companies, the client account may receive distributions of taxable gains from portfolio transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.
- *Concentration Risk.* To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.
- *Sector Risk.* To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.



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- *Equity Securities.* Common and preferred stock represents the equity ownership of a company. Stock markets are volatile and the price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. The value of equity securities may also decline due to factors that affect particular industries or particular issuers. The values of equity securities may be more volatile than those of other asset classes.
- *Debt Securities.* Debt securities, such as bonds, involve interest rate risk, credit risk, extension risk, prepayment risk, and other types of risks. In addition, the value of debt securities may fluctuate in response to market movements or issues that affect particular industries or issuers. When interest rates fall, the issuers of debt securities may prepay principal more quickly than expected, and investors may have to reinvest the proceeds at a lower interest rate. This is known as "prepayment risk." When interest rates rise, debt securities may be repaid more slowly than expected, and the value of the debt security can fall sharply. This is known as "extension risk." Certain types of debt securities may be subject to "call and redemption risk," which is the risk that the issuer may call a bond for redemption before it matures and the investor may lose income.
- *Foreign Securities Risk.* Foreign investments involve special risks not present in U.S. investments that increase an investor's potential to lose money. Among other issues, custody of securities in foreign markets, changes in foreign currency exchange rates, foreign economic and market conditions, actions adverse to investors taken by foreign governments, lack of governmental oversight or regulation of securities markets, underdeveloped settlement and clearing services, and foreign withholding taxes may negatively affect the value of investments in foreign securities.
- *Alternative Strategy Mutual Funds.* Certain mutual funds invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be appropriate for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes, and potential illiquidity. Clients should be aware that alternative investments and/or strategies are generally considered speculative in nature and involve a high degree of risk, particularly if concentrating investments. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.
- *Closed-End.* Clients should be aware that closed-end funds available within the program may not give investors the right to redeem their shares, and a secondary market may not exist. Therefore, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- *Exchange-Traded Funds (ETFs).* ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs may be closed and liquidated at the discretion of the issuing company.
- *Exchange-Traded Notes (ETNs).* An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows: The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a



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specific sector, asset class or country and may therefore carry specific risks. ETNs may be closed and liquidated at the discretion of the issuing company.

- *Tax-Managed Investing Risk.* Investment strategies that seek to enhance after-tax performance might be unable to fully realize strategic gains or harvest losses due to various factors. Market conditions could limit the ability to generate tax losses. A tax-managed strategy could cause a client portfolio to hold a security to achieve more favorable tax treatment or to sell a security in order to create tax losses. A tax loss realized by a U.S. investor after selling a security will be negated if the investor purchases the security within thirty days. There is no guarantee that securities submitted for exchange will be accepted by a fund that utilizes a tax-managed strategy (e.g., an "exchange fund"), and exchange funds may accept "out-of-benchmark" securities at the sole discretion of portfolio managers. Although third-party managers of these strategies seek to avoid "wash sales" whenever possible and temporarily restrict securities they have sold at a loss to prevent them, a wash sale can occur inadvertently because of trading by a client in portfolios not managed by the third-party manager. A wash sale can also be triggered by the third-party manager when it has sold a security for loss harvesting and shortly thereafter the firm is directed by the client to invest a substantial amount of cash resulting in a repurchase of the security. Changes to the tax code and other policy changes could result in unfavorable tax treatment for investors in tax-managed strategies.
- *Direct Indexing.* Direct indexing strategies seek to replicate the performance of a market index by directly holding the individual securities, or a representative sample of the individual securities, that make up the index. Direct indexing may provide a more tax efficient means of investing, and may allow for more customized investment allocations, than investing in a fund or other commingled product that seeks to replicate the index. The potential benefits of direct indexing, however, will not necessarily be realized if you don't take advantage of tax planning or impose account restrictions, such as account level security or sector-based restrictions or customizations based on your specific tax, ESG or other preferences. Fees and expenses for the direct indexing strategy in some cases will be higher than the fees and expenses associated with alternative index products. Higher fees and expenses could adversely impact account performance. The size of your account and the number of securities in the index your account seeks to replicate also limit the ability of your account to replicate the index. As a result, the direct indexing strategy introduces the risk of tracking error relative to the index into your account and can cause your portfolio to underperform the index, including as a result of customization. LPL and LPLE cannot guarantee that the dividend yield in your portfolio will accurately track a market index.
- *High-Yield Debt.* High-yield debt is issued by companies or municipalities that do not qualify for "investment grade" ratings by one or more rating agencies. The below investment grade designation is based on the rating agency's opinion of an issuer that it has a greater risk to repay both principal and interest and a greater risk of default than those issuers rated investment grade. High yield debt carries greater risk than investment grade debt. There is the risk that the potential deterioration of an issuer's financial health and subsequent downgrade in its rating will result in a decline in market value or default. Because of the potential inability of an issuer to make interest and principal payments, an investor may receive back less than originally invested. There is also the risk that the bond's market value will decline as interest rates rise and that an investor will not be able to liquidate a bond before maturity.
- *Cybersecurity Risk.* Failures or breaches of the electronic systems of LPL, LPLE, their services providers, securities market participants or the issuers of securities can cause significant losses for investors. Unintentional cyber events, such as the inadvertent release of confidential information, could also adversely impact investor account. Any cyber event could cause result in the loss or theft of investor data or cause investors financial loss and expense.
- *Use of Artificial Intelligence and Machine Learning.* Recent technological advances in artificial intelligence, generative artificial intelligence, and machine learning technology (collectively, "Machine Learning Technology") may pose risks to LPL, LPLE and its IARs. LPL, LPLE and its IARs could be further exposed to the risks of Machine Learning Technology if third-party service providers or any counterparties, whether or not known to LPL, LPLE or its IARs, also use Machine Learning Technology in their business activities. LPLE, LPLE and its IARs will not be in a position to control the operations of third-party service providers or counterparties, the manner in which third-party products are developed or maintained or the manner in which third-party services are provided. Machine Learning Technology is generally highly reliant on the collection and analysis of large amounts of data, and it is not possible or practicable to incorporate all relevant data into the model that Machine Learning Technology utilizes to operate. Certain data in such models will inevitably contain a degree of



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inaccuracy and error, potentially materially so, and could otherwise be inadequate or flawed, which would be likely to degrade the effectiveness of Machine Learning Technology. To the extent that LPL, LPLE or its IARs are exposed to the risks of Machine Learning Technology, any such inaccuracies or errors could have adverse impacts on LPL, LPLE or its IARs, as applicable. Machine Learning Technology and its applications, including in the financial services sector, continue to develop rapidly, and it is impossible to predict the future risks that will from time to time arise from such developments.

- *Values-Based and Environmental, Social and Governance (ESG) Investing Risk.* Values-based investing or ESG investing, also known as “socially responsible investing,” “sustainable investing,” or “impact investing,” focuses on the social values or environmental, social, and governance standards or the sustainability factors of an investment. Some values-based investing strategies focus on factors relating to an individual investor’s personal or religious values, such as “biblical investing,” while other strategies focus on issues like environmental impact. Some values-based investment strategies use values-based criteria to supplement financial analysis when considering a particular issuer or security, while others affirmatively select “socially responsible” investments or screen out or exclude investments in companies that engage in certain activities. Values-based investing may limit the type and number of investments available in a strategy and cause the strategy to underperform other strategies without a values-based focus or with a focus that involves a different type of focus or screening methodology. Values-based strategies may underperform the market as a whole. Companies and issuers selected in a values-based strategy may not or may not continue to demonstrate values-based characteristics. Different investors likely have different opinions about what types of investments are socially responsible.
- *Comparable Products.* LPL and LPLE offer various mutual funds, ETFs and other investment products that have similar or identical investment strategies but different fee and expense arrangements. For example, LPL sells both mutual funds and ETFs that are designed to track an index of securities, such as the S&P 500 Index. A mutual fund and an ETF following an identical strategy have different fees and expenses that affect your investment return. Those fees and expenses include direct costs like sales loads, commissions, and other transaction costs, and indirect costs at the product level like advisory or management fees, distribution expenses (12b-1 fees), and other administrative, shareholder servicing and transfer agent fees. The impact of those fee and expenses on your investment returns also varies based on the size of your initial investment, the length of time you hold the investment, and other factors. The differences in fees and expenses, and additional differences in compensation paid directly by product sponsors like revenue sharing, mean that LPL, LPLE and their IARs generally will earn more compensation for selling one investment product than another. As a result, LPL, LPLE and their IARs have a conflict of interest because of the financial incentive to recommend investment products that pay more compensation if a less expensive comparable product could be used to achieve a customer’s investment objective.
- *Company Stock.* If company stock is available as an investment option to client in a retirement plan, and if client chooses to invest in company stock, client should understand the risks associated with holding company stock in a retirement plan. These risks may include, but are not necessarily limited to, lack of liquidity, over-dependency on client’s employer, and less flexibility to change the allocation of plan assets. Client should pay careful consideration to the benefits of a diversified portfolio. Although diversification is not a guarantee against loss, it can be an effective strategy to help manage investment risk.
- *Tax-Loss Harvesting and Premium Tax Services.* The tax-loss harvesting and premium tax services features of MWP involves a variety of risks. You should confer with your personal tax advisor regarding the tax consequences of investing and engaging in the tax-loss harvesting strategy and tax overlay services, based on your particular circumstances. You and your personal tax advisors are responsible for how the transactions in your account are reported to the IRS or any other taxing authority. Neither LPL nor LPLE assumes any responsibility to you for the tax consequences of any transaction. MWP’s tax-loss harvesting strategy and its tax overlay services are not intended as tax advice, and neither LPL nor LPLE represents in any manner that the tax consequences described will be obtained or that MWP’s investment strategy will result in any particular tax consequence. The tax consequences of these features are complex and may be subject to challenge by the IRS. These features were not developed to be used by, and it cannot be used by, any investor to avoid penalties or interest. You should be aware that if you and/or your spouse have other taxable or non-taxable accounts, and you hold in those accounts any of the securities (including options contracts) held in your MWP account, you cannot trade any of those securities 30 days before or after the MWP account trades those same securities as part of the tax-loss harvesting strategy to avoid possible wash sales and, as a result, a nullification of any tax benefits of the strategy. For more information on the wash sale rule, please read IRS Publication 550. In addition, when LPL replaces investments with “similar” investments as part of the tax-loss harvesting strategy, it is a reference



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to investments that are expected, but are not guaranteed, to perform similarly and that might lower an investor's tax bill while maintaining a similar expected risk and return on investor's portfolio. Expected returns and risk characteristics are no guarantee of actual performance.

### ITEM 9 DISCIPLINARY INFORMATION

LPLE has not had any disciplinary events since its registration with the SEC or FINRA, nor had LPLE's predecessor entity, Harvest Financial Corporation, had any disciplinary events within the past ten (10) years as a dually-registered investment adviser and broker-dealer with the SEC and FINRA. However, because LPLE is an affiliate of LPL, and LPL and LPLE share certain personnel and supervisory processes, this item includes the disciplinary information involving LPL and its IARs within the past (10) years from the date of this filing.

LPL entered into a settlement with the SEC in which the SEC found that LPL willfully violated its obligations under Section 17(a) of the Exchange Act and Rule 17a-8 thereunder, which require broker-dealers to comply with certain anti-money laundering ("AML") requirements. The SEC found that LPL did not follow its AML policies for its customer identification program and ongoing customer due diligence obligations by, among other things, not properly verifying new accounts; not timely closing accounts that did not pass its screening measures; and not closing or restricting certain accounts that were prohibited under LPL's AML Policies. The SEC censured LPL and ordered LPL to cease and desist from committing or causing any violations and any future violations of such section and rule, to pay a civil monetary penalty in the amount of \$18 million, and to comply with certain undertakings (2025).

LPL entered into a settlement with the SEC in which the SEC found that LPL willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder and Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder in connection with the maintenance and preservation of off-channel communications; and failed to reasonably supervise its personnel within the meaning of Section 15(b)(4)(E) of the Exchange Act and Section 203(e)(6) of the Advisers Act. LPL admitted to the facts in the settlement order and acknowledged its conduct violated the federal securities laws. The SEC ordered LPL to cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder and Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder, censured it for its conduct, ordered it to pay a civil monetary penalty in the amount of \$50,000,000, and ordered it to comply with certain undertakings (2024).

LPL entered into a settlement with the SEC in connection with LPL's failure to comply with its Customer Identification Program procedures. The SEC found that LPL willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder and was a cause of a third party's violations of Sections 17(a)(2) and (3) of the Securities Act and Section 206(2) of the Advisers Act. The SEC ordered LPL to cease and desist from committing or causing any further violations of these laws and regulations, censured LPL for its conduct, and ordered the payment of disgorgement and prejudgment interest totaling \$141,202 (deemed satisfied based on LPL's voluntary remedial payment of \$4,118,876 to the impacted client), and the payment of a civil money penalty of \$750,000 (2021).

As part of a voluntary self-reporting initiative in 2019, LPL entered into a settlement with the SEC in which the SEC found that LPL willfully violated Section 206(2) and 207 of the Advisers Act in connection with inadequate disclosure to clients of its and its associated persons' conflicts of interest related to its receipt of 12b-1 fees and/or its selection of mutual fund share classes that pay such fees. The SEC ordered LPL to cease and desist from committing or causing any violations of Sections 206(2) and 207 of the Advisers Act, censured it for its conduct, and ordered the payment of disgorgement and prejudgment interest to affected investors totaling \$9,333,516 (2019).

LPL, as a broker-dealer, is a member of FINRA and has found to be in violation of FINRA's rules related to its brokerage activities. In particular, LPL consented to sanctions related to the following matters:

- LPL's supervisory systems and maintenance of books and records relating to brokerage direct business transactions, supervisory systems and misstatements about fees relating to brokerage product switch transactions, and supervisory systems relating to brokerage recommendations of publicly traded securities of business development companies (BDCs) to customers, resulting in a censure, a fine of \$5.5 million, restitution to impacted customers, and an undertaking to certify that LPL has remediated the systems and procedures for making recommendations of BDCs (2023).





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- LPL's supervisory systems and procedures relating to the transmittal of customer funds by wire or check to third parties and maintenance of related books and records, resulting in a censure, a fine of \$3,000,000, restitution to impacted clients, and an undertaking to identify and pay restitution to affected customers for certain other improper transfers (2023).
- LPL's failure to accurately calculate its customer reserve requirement, failure to maintain a sufficient customer reserve, failure to maintain policies and procedures reasonably designed to achieve compliance with the Securities and Exchange Act and FINRA rules, and failure to maintain accurate books and records, resulting in a censure and a fine of \$300,000 (2022).
- LPL's self-reporting of potential issues related to certain C-share purchase suitability reviews and its supervisory systems and procedures relating to waivers of front-end sales charges for rollovers of 529 savings plan investments from one state plan to another, resulting in a censure and payment of restitution to impacted customers (2021).
- LPL's supervisory systems and procedures relating to record retention, fingerprinting and screening of certain associated persons, and supervision of consolidated reports, resulting in a censure, a fine of \$6,500,000 and an undertaking to review and enhance related policies, systems and procedures (2020).
- LPL's supervisory systems and procedures relating to changes in the authority of custodians of accounts established under the Uniform Gifts to Minors Act and/or the Uniform Transfers to Minors Act, resulting in a censure, a fine of \$300,000, and an undertaking to review and enhance its policies, systems, and procedures related to supervision of such accounts (2019).
- The effectiveness of LPL's anti-money laundering program, LPL's failure to amend certain Forms U4 and U5, and LPL's systems and supervisory procedures relating to Forms U4 and U5 reporting requirements, resulting in a censure and a fine of \$2,750,000 and an undertaking to review the process used to disclose customer complaints on Forms U4 and U5 (2018).
- LPL's brokerage supervisory and disclosure procedures related to the sale of certain brokered certificates of deposit in brokerage accounts, resulting in a censure and a fine of \$375,000 (2018).
- LPL's systems and supervisory procedures relating to the creation and distribution of certain required account notices, resulting in a censure, a fine of \$900,000, and an undertaking to review affected processes (2016).
- LPL's systems and supervisory procedures relating to the format in which certain electronic records were retained, resulting in a censure and a fine of \$750,000 (2016).
- LPL's various brokerage supervisory procedures, including those related to the sale of complex non-traditional ETFs, variable annuity ("VA") contracts, REITs and other products in brokerage accounts, as well as LPL's failure to monitor and report trades and deliver trade confirmations, resulting in a censure and a fine of \$10,000,000, and restitution of \$1,664,592 (2015).

LPL, as a broker-dealer, is regulated by each of the 50 states and has been the subject of orders related to the violation of state laws and regulations in connection with its brokerage activities. In particular, LPL entered into consent orders related to the following matters:

- LPL's supervision of electronic signature practices at an LPL branch office in Massachusetts, resulting in a fine of \$250,000 and an undertaking to conduct an internal review of certain related policies and procedures (Massachusetts or "MA", 2023)
- LPL's supervision of an LPL broker-dealer/investment adviser agent's sales of structured products, resulting in a censure, an offer of restitution to impacted clients, and a fine of \$125,000 (Texas, 2022).
- LPL's supervision of two LPL broker-dealer and/or investment adviser agents who pled guilty to charges of fraudulent practices with LPL customers, resulting in a cease and desist order, a fine of \$350,000 and a \$150,000 contribution for financial literacy and investor education initiatives, training and related materials (Connecticut, 2021).
- LPL's supervision of an LPL representative under a heightened supervision plan, resulting in a cease and desist order; a fine of \$275,000; payments of restitution, disgorgement and investigative costs; and offers of payment of surrender charges in connection with variable annuity contracts for impacted customers (New Hampshire or "NH", 2020).
- LPL's failure to timely register (or maintain the registration of) certain agents in MA and failure to amend Forms U4 and U5 for certain agents registered in MA, resulting in a censure, a fine of \$1,100,000, and an undertaking to review and enhance its policies and procedures related to registering its agents in MA and filing reportable events (MA, 2019).
- LPL's brokerage supervisory procedures relating to email review and annual branch office examinations, resulting in a civil penalty of \$450,000 and an undertaking for third-party review of related processes (Indiana, 2018).



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- The sale of unregistered, non-exempt securities in violation of state registration requirements, resulting (upon entry of the individual consent order) in payment to each participating state or jurisdiction of a civil penalty of \$499,000, reimbursement of certain investigative expenses, remediation through repurchase of certain securities and payment of losses to certain affected customers, and certain additional undertakings (Settlement with up to 53 members of the North American Securities Administrators Association (NASAA), 2018).
- The sale of non-traded alternative investments in excess of prospectus standards or LPL's internal guidelines and the maintenance of related books and records, resulting in a censure, a fine of \$950,000, a \$25,000 contribution to an investor education fund and remediation of losses to impacted customers (New Jersey, 2017).
- LPL's supervisory practices for LPL representatives located on the premises of a credit union, resulting in a censure, a fine of \$1,000,000, and an undertaking to avoid investor confusion specific to the name under which the credit union does business and review LPL's related policies and procedures (MA, 2017).
- LPL's oversight of certain VA transactions, resulting in a censure, a fine of \$975,000, restitution to clients and former clients of an LPL representative, disgorgement of commissions retained by LPL in connection with such representative's VA sales, and an undertaking to review such representative's brokerage and advisory activities and LPL's related policies and procedures (MA, 2017).
- The sale in brokerage accounts of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an aggregate civil penalty of \$1,425,000, reimbursement of certain investigative expenses and remediation of losses to impacted customers (Global settlement with certain members of NASAA, 2015).
- The sale of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an administrative fine of \$250,000, reimbursement of investigative costs of \$250,000, a \$250,000 contribution to an investor education fund and remediation of losses to impacted customers (NH, 2015).
- The sale of leveraged and inverse leveraged ETFs ("Leveraged ETFs"), resulting in an administrative fine of \$50,000 (Delaware), a penalty of \$200,000 (MA), restitution to Delaware customers in an amount up to \$150,000, restitution to Massachusetts customers in an amount up to \$1,600,000, and an agreement to make certain changes in its supervisory system with respect to Leveraged ETFs (2015).
- Failure to implement procedures related to the use of senior-specific titles by LPL representatives as required under MA law, resulting in censure and a fine of \$250,000 (2015).

For more information about those state events and other disciplinary and legal events involving LPL and its IARs, client should refer to Investment Adviser Public Disclosure at <https://adviserinfo.sec.gov> or FINRA BrokerCheck at <https://brokercheck.finra.org>.

### ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

In addition to being registered as an investment adviser with the SEC, LPLE is a broker-dealer registered with FINRA and the SEC. As a broker-dealer, LPLE transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, REITs and other investment products. LPLE is registered to operate in all 50 states and has primarily an independent-contractor sales force of registered representatives and investment adviser representatives dispersed throughout the United States. In addition, LPLE is qualified to sell insurance products in all 50 states.

Our affiliate LPL is also a registered investment adviser and broker-dealer. As a broker-dealer, LPL transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, real estate investment trusts and other investment products. LPL is registered to operate in all 50 states and has primarily an independent-contractor sales force of registered representatives and IARs dispersed throughout the United States. LPL has a dedicated team of employee IARs in its offices who service certain accounts, and also a small subset of IARs who operate their own offices or are located on the premises of certain financial institutions and are employees of LPL Employee Services, LLC, an LPL-affiliated company. LPL is also registered as an introducing broker with the Commodity Futures Trading Commission. In addition, LPL is qualified to sell insurance products in all 50 states.

LPLE and The Private Trust Company, N.A. ("PTC"), a federally chartered non-depository bank licensed to provide trust services in all 50 states, are related persons. PTC serves as IRA custodian for client accounts set up as IRAs and receives an annual



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maintenance fee for this service. PTC also provides personal trustee services to clients for a variety of administrative fiduciary services, which services may relate to an advisory account. Because LPLE and PTC are affiliated companies and share in revenues, there is a financial benefit to the companies if a client uses PTC as a custodian or for personal trustee services, or if a PTC client uses LPLE as an investment advisor. PTC's IRA custodian and trustee services and related fees are established under a separate engagement between the client and PTC.

Fiduciary Trust Company of New Hampshire ("FTC"), a non-depository trust company, is a related person of LPLE. FTC provides custodial and various other recordkeeping and services to IRAs and certain employer-sponsored plans maintained through OPA Program accounts. Because LPLE and FTC are affiliated companies and share in revenues, there is a financial benefit to the companies if a client is referred to or otherwise elects to engage with FTC for services under another LPLE program, and uses LPLE as the investment advisor or broker-dealer. FTC's custodial and recordkeeping services and related fees are established under a separate engagement between the client and FTC.

IARs are permitted to engage in certain LPLE-approved business activities other than the provision of brokerage and advisory services through LPLE, and in certain cases, an IAR could receive greater compensation through the outside business than through LPLE. An IAR could also be an accountant, real estate agent, tax preparer, lawyer or refer customers to other service providers and receive referral fees, for example. As other examples, an IAR could provide advisory or financial planning and consulting services through an independent unaffiliated investment advisory firm or sell insurance.

Additionally, LPLE and/or its IARs may refer clients to unaffiliated firms other than investment product sponsors or financial institutions, for either investment or non-investment related products or services, in exchange for a referral fee or other forms of indirect compensation. These may include referrals for investment banking, lending, accounting, tax preparation, financial technology tools, or such other products, services or consultations that may be requested by and/or benefit a client. As applicable, clients will receive additional disclosures identifying these particular arrangements and any related compensation at the time of the referral.

LPLE has an affiliated insurance agency, LPL Insurance Associates, Inc. ("LPLIA") through which IARs may sell insurance products. LPLE receives compensation from issuers of life insurance (universal, variable universal, whole life, term, and annuities) and other insurance contracts that are made available to IARs, such as long term care insurance and disability insurance. The compensation includes commissions and trails, and may include payments for administrative services that LPLE provides and/or payments made in connection with LPL's marketing and sales-force education and training efforts, including annual national sales and education conference and other conferences of LPL and LPLE. IARs receive a percentage of the commissions or trailing commissions paid to LPLE or LPLIA. IARs may also sell insurance through LPLE or an independent unaffiliated insurance agency. An IAR may earn compensation (including trailing compensation), benefits and non-cash compensation through LPLE or the third-party insurance agency and may have an incentive to recommend you purchase or sell insurance products with LPLE or the independent agency.

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

#### Code of Ethics and Personal Trading

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



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## Participation or Interest in Client Transactions

LPLE's parent company, LPL Financial Holdings Inc., is a publicly traded company. LPLE does not permit its IARs to recommend or solicit orders of LPL Financial Holdings Inc. stock. However, LPLE or an IAR may recommend or purchase for clients a mutual fund or ETF that holds LPL Financial Holdings Inc. stock as an underlying investment, for example, an ETF that seeks to replicate the performance of an investment services index that includes LPL Financial Holdings Inc.

As part of financial planning and consulting services, an IAR may or may not provide recommendations as to investment products or securities. To the extent that IAR recommends that client invest in products and services that will result in compensation being paid to LPL, LPLE and the IAR, this presents a conflict of interest. The compensation to IAR, LPL and LPLE may be more or less depending on the product or service that the IAR recommends. Therefore, the IAR has a financial incentive to recommend that a financial plan or consulting advice be implemented using a certain product or service over another product or service. The client is under no obligation to purchase securities or services through LPL, LPLE or the IAR.

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

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

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

## Rollovers

If a client is a participant in an employer-sponsored retirement Plan such as a 401(k) plan, and decides to roll assets out of the plan into an account at LPLE, LPLE and LPLE IARs have a financial incentive to encourage client to invest those assets in the account, because LPLE will be paid on those assets, for example, through advisory fees. Client should be aware that such fees likely will be higher than those a participant pays through an employer-sponsored plan, and there can be maintenance and other miscellaneous fees. As securities held in employer-sponsored plans are generally not transferrable to the client's account, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan. This conflict of interest is mitigated by LPL's policy regarding rollovers from an employer-sponsored plan into an LPL individual retirement account ("IRA").

LPL and LPL IARs may assist clients contemplating a rollover by providing general investment education to assist plan participants in making informed investment decisions about the distribution options available to them. LPL's educational services are intended to be consistent with the Department of Labor's Interpretive Bulletin 96-1. LPL is not acting in a fiduciary capacity under ERISA when providing educational services. The general investment education provided is not intended to be viewed or construed as a suggestion for client to take a particular course of action with respect to employer-sponsored plan assets (including, a distribution therefrom). With respect to employer-sponsored plan rollovers, LPL makes information available that outlines the many factors client should consider (including the types of fees and costs of an IRA and IRA investments) before making a decision. IARs may also agree to assist clients seeking a recommendation on whether to roll out of their employer-sponsored plan based on an analysis of the client's personal financial needs, savings objectives and other financial and non-financial considerations, that is designed to determine whether such is in the client's best interest under ERISA.



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### **IRA to IRA Transfers**

If LPL or an LPL IAR recommends that client move assets from an LPL brokerage IRA account or an IRA account held at another financial institution into the account, they are required to consider, based on the information client provides, whether client will be giving up certain investment-related benefits, such as the effects of breakpoints or rights of accumulation, and has determined that the recommendation is in client's best interest because (1) greater services and/or other benefits (including discretionary management, trust services, holistic advice and planning, and automatic account rebalancing) can be achieved with the account; (2) access to your chosen financial professional and asset consolidation (in the case of a transfer from another financial institution); and (3) the asset based fees and transaction charges are justified by these services and features.

Notwithstanding whether a recommendation has been made, clients should understand that with respect to any assets clients decide to move into the account, clients should: (1) evaluate the investment and non-investment considerations important to the client in making the decision; (2) review and understand the fees and costs associated with the account; (3) recognize that higher net fees (if applicable) will reduce the client's investment returns and ultimate retirement assets; and (4) understand the conflicts of interest raised by the financial benefits to LPL and its IARs resulting from the client's decision to move assets into the account.

### **Other Clients**

Client should understand that LPLE and IAR perform advisory and/or brokerage services for various other clients, and that LPLE and IAR may give advice or take actions for those other clients that differ from the advice given to the client. The timing or nature of any action taken for the account may also be different. In addition, LPLE and IAR may, but are not obligated to, purchase or sell or recommend for purchase or sale any security which LPLE or IAR or any of their affiliates may purchase or sell for their own accounts or the account of any other client.

### **ITEM 12 BROKERAGE PRACTICES**

LPLE does not receive research or other products or services other than execution from a broker-dealer in connection with client securities transactions ("soft dollar benefits"). LPLE does not consider, in selecting or recommending broker-dealers, whether LPLE or a related person of LPLE receives client referrals from a broker-dealer or third party.

In connection with TAMPs, the TAMP sponsor may require that clients direct brokerage to a broker-dealer, including the TAMP sponsor or broker-dealer affiliated with the TAMP sponsor. In addition, in connection with customized advisory services, the client may direct that transactions be executed through LPLE or specified third party broker-dealer. Clients should understand that not all advisors require their clients to direct brokerage. By directing brokerage to a broker, clients may be unable to achieve the most favorable execution of client transactions and may pay more in transaction charges than other broker-dealer firms. Therefore, directed brokerage may cost clients more money. For more information about the brokerage practices of a TAMP sponsor, clients should refer to the disclosure brochure for the applicable TAMP.

LPLE requires that clients direct LPL as the broker-dealer to execute transactions in an MWP account. Clients should understand that not all advisors or program sponsors require their clients to direct brokerage. The fact that LPLE's affiliate LPL is the sole broker-dealer on the account presents a conflict of interest. By directing brokerage to LPL, clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money. However, clients should understand that LPL is not paid a commission or transaction charge for executing transactions in MWP accounts. In addition, in the case of mutual funds, execution is made at the net asset value of the fund. Although LPL is not paid a commission or transaction charge for transactions in the account, LPL bears costs for each transaction made in an account. This presents a conflict of interest because these costs may be a factor LPL considers when deciding which securities to select and whether or not to place transactions in an account. However, LPL mitigates this conflict by compensating the team responsible for directing the trades through a bonus based on the performance of the portfolios; therefore, the team is not incentivized by cost reduction.

To the extent that LPLE has trading discretion and directly trades client accounts, LPLE will aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of



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the securities involved at the average price obtained. LPLE also will aggregate rebalancing transactions for an account with other program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPLE may effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPLE will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

### ITEM 13 REVIEW OF ACCOUNTS

IARs of LPLE review accounts and meet with clients, on a regular basis or as requested by the client, and such meetings may include review of accounts statements, performance information, and other information or data related to the client's account and investment objectives.

For financial planning and consulting services, clients are encouraged to promptly inform the IAR of any changes to their financial circumstances and investment goals, and to consult and update their financial plans annually. Such consultations and annual reviews are conducted at the election of the client as determined with their IAR and may consist of an updated personal financial plan or recommendations if the client's circumstances and/or goals have changed. Alternatively, the review may be a comparison of the client's current assets and goals (in the form of a progress report or update).

For TAMP services, IARs review accounts and meet with clients, on a regular basis or as requested by the client, and such meetings may include review of accounts statements, quarterly performance information, and other information or data related to the client's account and investment objective. The TAMP sponsor or custodian of the TAMP account assets send clients regular written reports and statements regarding the account.

For MWP accounts, LPL provides clients with regular written reports and statements regarding their accounts. LPL provides detailed performance information annually describing account performance and positions, with additional performance information available upon request. In addition, LPL transmits to clients account statements showing transactions, positions, and deposits and withdrawals of principal and income.

### ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

#### Other Compensation

LPLE employees and IARs receive additional compensation, business entertainment and gifts from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, customer appreciation events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors also pay for, or reimburse LPLE for the costs associated with, education or training events that are attended by LPLE employees and IARs, and for LPLE-sponsored conferences and events. For example, LPLE's affiliate, LPL, receives marketing and educational support payments of up to \$260,000 annually from recordkeepers and retirement plan product sponsors for access to data analytics, and to participate and present at LPL and LPLE education and training events for LPLE IARs. Any such support payments are not tied to the sales of any products or client assets in the products. IARs do not receive any portion of these payments. LPLE, LPLE employees and IARs also receive reimbursement from product sponsors for technology-related costs, such as those to build systems, tools and new features to aid in serving customers. For a current and complete list of the product sponsors that pay such marketing and educational support payments, please see [lpl.com/lpl-enterprise.html](http://lpl.com/lpl-enterprise.html) or ask your IAR.

LPL and LPLE employees provide sales support resources to IARs of LPLE that use LPL advisory programs. The compensation that LPL and LPLE pay to these employees varies based on the assets in LPL's and LPLE's different advisory programs. These sales employees have an incentive to promote certain advisory programs to IARs of LPLE over other advisory programs. These employees also earn more compensation when IARs transition client assets from brokerage accounts to advisory accounts, and have a financial incentive to encourage IARs of LPLE to do transition brokerage accounts to advisory.

The IAR recommending a TAMP sponsor to the client receives compensation as a result of the client's participation in the program. This compensation includes a portion of the advisory fee or referral fee and other compensation, such as bonuses,



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awards or other things of value offered by the TAMP to the IAR. For example, some TAMPs pay additional marketing payments to LPLE, its employees and/or IARs to cover fees to attend conferences or reimbursement of expenses for workshops, seminars presented to clients or advertising, marketing, or practice management. The eligibility of an IAR to receive such reimbursements and the amount of such reimbursements are based on the amount of assets referred by the IAR to the TAMP. The amount of this compensation may be more or less than what the IAR would receive if the client participated in the LPLE advisory programs, programs of other investment advisors or paid separately for investment advice, brokerage, and other client services. Therefore, in such case, the IAR has a financial incentive to recommend a TAMP account over other programs and services.

LPLE has entered into solicitor referral agreements with certain independent third-party investment advisers and TAMPs, listed under Item 4 "Referral-based Services" pursuant to which LPLE and LPLE IARs receive referral fees from the third party investment advisers and TAMPs in return for referring clients. Referrals to certain third-party investment advisers and TAMPs are subject to restrictions imposed by LPLE. Because LPLE is engaged by and paid by the third-party investment advisor or TAMP for the referral, any recommendation regarding a third party investment advisor or TAMP as part of a referral presents a conflict of interest. LPLE addresses this conflict by providing the client with a disclosure statement explaining the role of LPLE and IAR and the referral fee received by LPLE and IAR. For more information regarding these arrangements, see Item 4 above.

LPLE and its IARs may serve as broker-dealer of record on accounts managed by the independent third-party investment advisor. In such case, LPLE and its representatives receives normal and customary compensation (e.g., commissions, 12b-1 fees, trails) from the sale of mutual funds or variable annuities in such accounts. This compensation is in addition to the solicitor fee paid by the third-party investment advisor.

In addition, LPLE enters into other agreements with TAMP sponsors or third-party investment advisers to whom LPLE refers clients, pursuant to which LPLE provides (i) marketing services on behalf of the third party investment advisers to LPLE representatives; or (ii) data technology services to integrate third party investment adviser account data on LPL's technology systems. LPLE receives fees for these data technology services and such fees may be a flat upfront or annual fee or be based on the amount of assets (up to 10 basis points) recommended or referred by LPLE to the TAMP or the third-party investment adviser. Please refer to [lpl.com/disclosures.html](http://lpl.com/disclosures.html) for current information about any third-party investment adviser that pays this compensation. The IAR does not share in these fees. Any agreements related to referrals are separate from the services provided by LPLE or its IARs. In some cases, the third-party investment advisers pay additional marketing payments to LPLE, its employees and/or IARs to cover fees to attend conferences or reimbursement of expenses for workshops, seminars presented to IARs clients or advertising, marketing or practice management.

### Client Referrals

From time to time, LPLE and/or its IARs enter into arrangements with clients, third parties or other financial intermediaries for lead generation, client referrals or solicitation for program accounts (collectively, "solicitation arrangements"). These solicitation arrangements range from largely impersonal referrals to specific client introductions to LPLE and its IARs. Under solicitation arrangements, the third parties and financial intermediaries are independent contractors. In most cases, third parties are not advisory clients of LPLE and do not refer clients based on their experience with LPLE as advisory clients. The compensation paid under the solicitation arrangements is structured in various ways, including a one-time fee, a flat fee per lead or referral, and sharing a portion of the ongoing advisory fee. LPLE and its IARs have generally entered into the following types of referral arrangements:

- *Referral Networks.* Some third parties operate referral networks. Referral networks may present potential clients with a list of possible investing firms and investment adviser representatives, or may direct potential clients specifically only to LPLE and its IARs. Some referral networks receive a flat fee per referral and/or an ongoing fee, while others share a portion of the ongoing advisory fee;
- *Professional Cross Referrals.* Some IARs have relationships with other professionals, such as accountants, lawyers, or tax advisors, in which the professionals refer clients to IARs and in exchange the IARs refer clients to the professionals for their services. The cross-referral arrangement is a quid pro quo relationship that can give rise to similar conflicts as compensated referrals;



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- *Client Referral Awards.* Investment advisory clients of LPLE's IARs refer new advisory clients to their IARs. Sometimes, in connection with these referrals, IARs pay their clients one-time, non-cash gifts like gift cards or tickets to events for the clients referring to them new advisory clients; and
- *Other Arrangements.* LPLE and its IARs may enter into other arrangements in the future that provide for compensation similar to one or more of the types of arrangements described above.

Depending on the solicitor's arrangement with LPLE, a solicitor may not be compensated for referring a client who opens a brokerage account rather than an advisory account, and as a result may encourage the client to open an advisory account instead of a brokerage account. Solicitation arrangements give rise to material conflicts of interest because the referring party has a financial incentive to introduce new investment advisory clients to LPLE and its IARs. Solicitors may also have other conflicts of interest with respect to a particular IAR or may be associated with LPL or LPLE in another way. Clients who are introduced to LPLE and its IARs through a solicitation arrangement receive specific disclosures at the time of the introduction. If you receive such disclosures, you should review them carefully to understand the details of LPLE's arrangements with the person introducing you to LPLE. LPLE's participation in these referral arrangements does not diminish its fiduciary obligations to its clients.

### Conflicts Related to Compensation to IARs and Unaffiliated Financial Institutions

IARs are associated with unaffiliated financial institutions, like insurance companies. Based on an arrangement between LPLE and the financial institution, IARs offer advisory services. Such advisory services are offered by LPLE and not the financial institution. Any securities recommended as part of the investment advice are not guaranteed by the financial institution, or insured by the Federal Deposit Insurance Corporation or any other federal or state deposit guarantee fund relating to financial institutions.

IARs have a financial incentive to negotiate fee arrangements that maximize their compensation. In some programs, LPLE charges a negotiable advisory fee for itself plus a fee for third-party managers that is not negotiable. Differences in fees for third-party managers, and the absence of such fees in other programs, creates a conflict of interest for the IARs insofar as IARs can negotiate a higher LPLE advisory fee for a program or strategy with lower or no separate manager fee than they could for an account subject to a higher third-party manager fee. The amount received by an IAR as a result of a client's participation in any particular program offered by LPLE often is more than the IAR would have received if the client participated in other programs, paid third-party manager fees, or paid separately for investment advice, brokerage and other services covered by the account fee.

LPLE has entered into agreements with the financial institutions pursuant to which LPLE typically shares compensation, including a portion of the advisory fee, with the financial institution or its affiliates. LPLE typically shares between 90% to 100% of the advisory fee with the financial institution with which the IAR is affiliated or an affiliate of such financial institution, and the financial institution or its affiliate pays part of that amount to IAR. The financial institution establishes the compensation plan for the IAR, which is subject to approval by LPLE. The compensation plan determines how the IAR's compensation is structured.

This compensation the IAR receives from the financial institution could be more than if the client participated in other LPLE programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services, and likewise, the fees that are assessed by LPL or LPLE could be less than other programs or services. Although the IAR may factor in the fees that are assessed by LPL or LPLE in the overall advisory fee negotiated by the client, IAR can still earn more for offering a program at a lower overall fee rate than the fee rate for a program offering a third-party manager. However, if an IAR is recommending an advisory program or service, he or she must believe that the program or service is suitable and in the best interests of the client in accordance with the applicable standards under the Advisers Act or other applicable law. All compensation paid the financial institution and the IAR will be the sole responsibility of LPLE, and will not result in any increase in the advisory fees you pay to LPL and LPLE.

LPLE also may provide other forms of compensation to financial institutions, such as bonuses, awards or other things of value offered by LPL or LPLE to the institution. For example LPLE pays certain financial institutions based on production, in the form of repayable notes, reimbursement of fees that LPL or LPLE charges for items such as administrative services, and other things of value such as free or reduced-cost marketing materials, transition assistance for changing association from another broker-dealer or investment adviser firm to LPLE, advances of advisory fees, and/or attendance at LPL's or LPLE's national conference or top





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producer forums and events. LPLE pays this compensation based on overall business production and/or on the amount of assets serviced in LPLE advisory programs. LPLE pays this compensation based on overall business production and/or on the amount of assets serviced in LPLE advisory programs. The financial institution and IAR have a financial incentive for an IAR to recommend the program account and services that will result in the greatest compensation to the financial institution and IAR. If LPLE makes a loan to a new or existing financial institution, there is also a conflict of interest because LPLE's interest in collecting on the loan affects its ability to objectively supervise an IAR at that financial institution.

In addition, financial institutions are eligible to receive financial assistance from LPL in connection with transferring existing client accounts serviced at an approved third-party investment program to an LPLE advisory or brokerage account custodied at LPL ("Operational Assistance"). These payments are typically calculated as a percentage of assets transferred to LPL up to 0.15%, but in some cases may involve a flat amount up to \$350 per transferred account. While Operational Assistance is intended to offset bona fide time and effort incurred by the financial institution's IARs in identifying and coordinating transfers, these payments can create an incentive for IARs to recommend that clients transfer their assets to LPL custodied advisory and brokerage accounts since this will result in additional compensation to the financial institution. However, an IAR may only recommend a program or service that he or she believes is suitable and in the best interests of a client in accordance with the standard of care under applicable law.

Some of these financial institutions are affiliated with investment product sponsors, meaning that the investment products are sponsored by the financial institution. An IAR associated with a financial institution has a conflict of interest when IAR encourages clients to invest in that financial institution's proprietary investment products because the financial institution can influence the compensation paid to the IAR or terminate their relationship with the IAR altogether. Certain IARs are statutory agents of financial institutions that are affiliated with investment product sponsors, which means that they receive benefits and insurance as part of their contractual arrangement with those financial institutions. To be statutory agents, such IARs must primarily sell insurance products as their principal business activity, which creates a conflict of interest because such forms of non-cash compensation incentivize IARs to utilize proprietary products. In addition, when an affiliated investment product is selected for an account, the financial institution receives a portion of the advisory fee pursuant to the agreement between LPLE and the financial institution and its affiliate receives fees from the affiliated investment product except to the extent those fees are credited back to the client's account. Because affiliates of the financial institution earn fees and other benefits from the affiliated product, the IAR has an incentive to select its affiliated products based on the compensation and benefits its affiliates receive rather than on a client's needs. Certain financial institutions provide credits for affiliated investment products. We update this information from time to time on [lpl.com/lpl-enterprise.html](http://lpl.com/lpl-enterprise.html).

Note that the IAR does not receive additional compensation from the financial institution for selecting affiliated products and the IAR may only utilize an investment product that he or she believes is appropriate for clients. LPL reviews and selects investment products for the program and LPL may elect to remove or replace an investment product. There is a conflict of interest because the business relationship between LPL and the financial institution could affect LPL's ability to objectively select and determine whether to continue to maintain these investment products in the program. However, LPL only approves investment products that it determines are suitable and in the best interests of clients using the program, depending on clients' investment objective and risk tolerance.

Specifically, if your IAR is associated with the Prudential Insurance Company of America ("PICA"), you should note that certain model strategies created by PGIM Investments LLC ("PGIM Investments"), an affiliate of PICA, are available in the MWP Program. These models include mutual funds that are advised and/or sub-advised by affiliates of PICA ("PICA Proprietary Funds"). PICA Proprietary Funds can represent all of the investments in the portfolio. PGIM Investments, as a Portfolio Strategist, has an incentive to select PICA Proprietary Funds for its models due to the compensation and benefits it and/or its affiliates receive(s). As a Portfolio Strategist in MWP, PGIM Investments does not charge a manager fee for PGIM Investments model strategies, but PGIM is compensated by the fees associated with the underlying PICA Proprietary Funds it selects for the strategies. Your IAR has an incentive to select the PGIM model strategies for your account due to their association with PICA, which can influence their compensation or terminate their relationship altogether. However, your IAR may only recommend a model strategy that he or she believes is appropriate for you and in your best interest. Qualified retirement accounts receive a credit in an amount equal to the



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mutual fund advisory and administrative services fees that PICA affiliates receive in connection with the affiliated mutual funds held in the account.

### **ITEM 15 CUSTODY**

For TAMP accounts, client assets are maintained at a custodian other than LPLE. In such case, the client will complete account paperwork with the outside custodian that will provide the name and address of the custodian. The client will receive statements and reports directly from the custodian, rather than from LPLE. Clients should refer to the statements and reports that they receive from the custodian or TAMP sponsor. Clients should review these statements and reports carefully.

For certain services described in this brochure (e.g., hourly consulting services), LPLE may receive prepayment of fees for 6 or more months in advance.

For MWP, which is described in a separate LPL disclosure brochure, LPLE will utilize LPL, which is a qualified custodian as defined in Rule 206(4)-2 under the Advisers Act and maintains custody of client funds and securities in a separate account for each client under the client's name. LPL as a qualified custodian for those program accounts sends account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. LPL sends account statements periodically when the account has had activity or quarterly if there has been no activity. Clients should carefully review those account statements. If clients would like more information on such programs, clients should contact the IAR for a copy of the program brochure that describes such program or go to <https://adviserinfo.sec.gov>.

### **ITEM 16 INVESTMENT DISCRETION**

With respect to financial planning and consulting services, LPLE and the IAR do not have any discretionary investment authority, and do not implement or monitor any recommendations provided to clients. For MWP, which is described in a separate LPL disclosure brochure, LPLE has discretionary investment authority.

For TAMPs, the client typically authorizes the third-party investment advisor to purchase and sell securities on a discretionary basis pursuant to the investment objective chosen by the client. This authorization will be set out in the TAMP client agreement. LPLE and the IAR generally do not have discretion on TAMP accounts subject to limited exceptions on an accommodation basis.

### **ITEM 17 VOTING CLIENT SECURITIES**

LPLE does not accept authority to vote client securities in connection with any of the services described in this Brochure. LPL does accept authority to vote client securities in connection with MWP. Please see the MWP program brochure for more information.

### **ITEM 18 FINANCIAL INFORMATION**

LPLE is a qualified custodian as defined in Rule 206(4)-2, and is therefore not required to include a balance sheet for its most recent financial fiscal year.

