Sorrento Pacific Financial, LLC

Form ADV Firm Brochure

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This Brochure provides information about the qualifications and business practices of Sorrento Pacific Financial, LLC ("SPF"). If you have any questions about the contents of this Brochure, please contact at 858-805-7900. 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.

SPF is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about SPF is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This section summarizes changes to our Brochure since SPF's last annual updating amendment on March 31, 2022. For additional details, please see the item in this Brochure referred to in the summary below.

Item 4 – Advisory Business:

- Updated to include additional details regarding our advisory services we make available to clients.
- Revised disclosures around the Contour Platform, including the introduction of a Contour Wrap Fee Program Brochure (also known as Form ADV Part 2A Appendix 1). This separate disclosure document contains the additional information concerning the Contour Platform, wrap fee programs in general, and a disclosure of fees payable by the client. Contour is now comprised of four program options: (1) Advisor as Portfolio Manager ("APM"), (2) Fund Strategist Portfolios ("FSP"), (3) Separately Managed Accounts ("SMA"), and (4) Unified Managed Accounts ("UMA").

Item 5 – Fees and Compensation:

- Updated to reflect an increased Maximum Allowable Advisory Fee for the Contour APM, FSP, SMA, and UMA programs. The Advisory Fee remains negotiable between you and your IAR. Your Total Fee will not increase as part of this change unless you affirmatively accept such change through an updated Statement of Investment Selection ("SIS").
- Updated to include additional information regarding general fees assessed to your account, fees for collective investment vehicles and compensation related to mutual funds and other investments, compensation earned for other investment products, and a discussion on wrap fee programs.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss:

- Includes a new section discussing various types of risk that could affect the value of your account.

Item 10 – Other Financial Industry Activities and Affiliations:

- Updated to include additional information concerning conflicts of interest we have as a broker dealer and insurance agency and conflicts of interest with respect to an IAR's outside business activities.

Item 12 – Brokerage Practices:

- Includes substantial disclosures concerning our relationship with Pershing LLC, the compensation we receive because of this relationship, and conflicts of interest arising out of this relationship. Also, includes updates on our cash sweep program through Pershing LLC.

Item 14 – Client Referrals and Other Compensation:

- Updated to include additional information regarding how we compensate your IAR, including recruitment compensation and operational assistance as well as growth incentives and other benefits.
- Updated to include additional detail regarding compensation we receive from certain product sponsors.

Item 3 – Table of Contents

Item 4 – Advisory Business

Sorrento Pacific Financial, LLC ("SPF," "we," or "us") was formed in 2003 and is a California limited liability company. SPF is wholly owned by AWS 3, Inc., a Delaware corporation, which is wholly owned by Atria Wealth Solutions, Inc., a Delaware corporation, which is in turn wholly owned by Atria Wealth Solutions Holdings LLC, a Delaware limited liability company, which is privately owned.

SPF is registered as a broker-dealer and investment adviser with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and Securities Investor Protection Corporation ("SIPC"). SPF is also licensed as an insurance agency in 50 states.

Our principal business is providing a full line of services as a registered securities broker-dealer and investment adviser. In our capacity as a broker-dealer, we are involved in the sale of securities of various types including stocks, bonds, mutual funds, alternative investments, unit investment trusts ("UITs"), and variable annuities. We do not sell proprietary products.

As of December 31, 2022, SPF had regulatory assets under management of $172,937,760. Of that amount, $60,714,445 was managed on a non-discretionary basis and $112,223,315 was managed on a discretionary basis.

Our investment advisory services ("Advisory Services") are made available to clients through individuals associated with SPF as Investment Adviser Representatives ("IARs"). Many IARs are dually licensed (i.e., they are licensed both as IARs and as registered representatives and offer both investment advisory and brokerage services), which, in addition to Advisory Services, allows them to offer commission-based products. Your IAR will disclose to you whether he or she is dually licensed and if there are any limitations on services offered due to registrations and qualifications.

Our Advisory Services consist of programs sponsored by us, as well as advisory programs available through unaffiliated third-party investment advisers ("TPIA"). Our Advisory Services are designed to accommodate a wide range of investment philosophies and objectives. This allows our IARs to select the programs that they believe are best suited to meet each client's individual needs and circumstances. We do not hold ourselves out as specializing in a particular type of advisory service. However, some IARs focus on certain types of advisory services over others.

IARs, subject to SPF's supervision, can develop their own investment philosophies and strategies. Investment philosophies and strategies can differ considerably between and among IARs even with investment philosophies and strategies that carry the same or a substantially similar name. There is no guarantee, stated or implied, that a strategy or client's investment goals or objectives will be achieved.

Clients have access to a wide range of securities products, including common and preferred stocks; municipal, corporate, and government fixed income securities; limited partnerships; mutual funds;

exchange traded funds ("ETFs"), options, unit investment trusts ("UITs"), direct investment programs; and indexed, registered index-linked, and variable annuity products, as well as a wide range of other products and services including asset allocation services. IARs offer advice on these and other types of investments based on the individual circumstances of each client. SPF is not a custodian of any accounts.

We offer the following advisory programs and services to our clients ("you" or "your"): Contour Platform, AssetMark, Financial Planning, Morningstar, Employer-Sponsored Retirement Plans, SEI, and SPF Adviser Directed Non-Discretionary Advisory Account.

The Contour Platform

SPF sponsors the Contour Platform ("Contour") a wrap fee investment advisory program that provides IARs access to tools to provide individualized investment management services. Contour is administered through Envestnet Asset Management, Inc. ("Envestnet"), an investment adviser registered with the SEC. SPF has engaged Envestnet to provide various administrative services to Contour clients as described below.

Custody of a client's Contour account assets is maintained by an unaffiliated custodian designated by the client after consultation with an IAR. Custodial options include Pershing LLC ("Pershing") and any other custodian we choose to make available (hereinafter referred to as "Custodian"). Each Custodian is responsible for execution and clearing of transactions, custody of assets, and delivery of statements and confirmations for Contour accounts. Neither Envestnet nor Pershing is affiliated with SPF.

Contour is comprised of four program options: (1) Advisor as Portfolio Manager ("APM"), (2) Fund Strategist Portfolios ("FSP"), (3) Separately Managed Accounts ("SMA"), and (4) Unified Managed Accounts ("UMA"). Your IAR will confer with you to determine your financial needs and objectives and gather your client profile and risk tolerance information to complete a Statement of Investment Selection ("SIS"). The information gathered from the risk tolerance questionnaire ("RTQ") or approved financial planning tool assists in determining the allocation of your assets into an asset allocation model fitting into one of seven investment profiles: Capital Preservation, Conservative, Conservative Growth, Moderate, Moderate Growth, Growth, or Aggressive.

Your IAR will obtain your written consent to change your investment profile risk tolerance. Your IAR will assist you in selecting one of the four program options listed above.

Your IAR will create a proposal ("Proposal") including your investment profile questionnaire responses, selected program option(s), and applicable fees. You, your IAR, and SPF will enter into a Contour Platform Account Agreement ("Contour Agreement") outlining your participation in the Platform.

A client opening a Contour account will receive a copy of the Contour Wrap Fee Program Brochure or Form ADV Part 2A Appendix 1, which contains additional information concerning the Contour Platform, wrap fee programs in general, and a disclosure of fees payable by the client.

AssetMark, Inc.

AssetMark offers consulting services for mutual funds and exchange traded funds (ETFs) as well as AssetMark's Privately Managed Accounts. The SPF IAR obtains the necessary financial data from the client, assists the client in determining suitability of asset management and assists the client in setting the appropriate investment objective.

Mutual Funds and ETFs- AssetMark has established relationships with independent investment management firms (the Strategists), to create a variety of strategic asset allocation model portfolios (Models) comprised with mutual funds (both independent and affiliated) and ETFs. The Strategist will select and monitor the performance of the mutual funds and ETFs in their Models and will periodically adjust and rebalance the portfolios in accordance with their investment strategies.

The Strategists are selected by AssetMark to provide a wide range of investment options. Each Strategist will provide a range of Models corresponding to a specific risk-return profiles ranging from conservative to aggressive. The Models will be generally rebalanced quarterly. Any proprietary AssetMark funds will be fully identified when the client is making their model selection.

Privately Managed Accounts-Additionally, AssetMark may offer Privately Managed Accounts, in which clients will engage AssetMark to act as an overlay manager. In this situation, AssetMark will contract with institutional investment management firms (Sub-Advisors) to provide model portfolios of individual securities. As overlay manager AssetMark has limited discretionary authority to execute transactions on behalf of clients to track the model portfolios provide tax management transactions, or to implement client-requested restrictions. Clients will retain discretion to choose the Models, mutual funds and ETFs for their account and will have the opportunity to periodically rebalance their portfolio, and to change investment components within the selected Models. All transactions will be affected automatically through software administered by AssetMark.

Financial Planning Services

SPF, through its IARs, provides financial plans and investment advice consistent with a client's financial status, investment objectives and tax status. IARs should have a current subscription to firm approved financial planning software. IARs will obtain the necessary financial data from the client to prepare the financial plan or provide investment advice. The financial plan may include information regarding asset allocation, budgeting and cash flow analysis, business succession planning, corporate 401(k) analysis, disability insurance, education planning, estate planning, investment objectives and goal setting, investment strategies, life insurance needs, long term care, major purchase planning, portfolio analysis, retirement income/longevity planning, retirement planning, risk management, and risk tolerance assessment. Client may receive a written financial plan from the IAR. In some instances, the financial plan may result in the IAR recommending to the client specific investment products.

IARs may also provide investment advice to clients with respect to assets held within a participant- directed retirement account held on a third-party platform. The services are provided by the IAR on a non-

discretionary basis and include initial fund selection and asset allocation recommendations. In addition, the IAR will meet periodically with the client to discuss whether the funds continue to meet the client's objectives and to recommend rebalancing transactions if necessary.

SPF is not licensed to engage in the practice of law or accounting and, consequently, will not offer legal or accounting advice when preparing the personal financial plan or providing financial advice. None of the fees for services under this program relate to legal or accounting services. If such services are necessary, it shall be the responsibility of the client to obtain them. Although the scope of services may include the IAR making specific investment product recommendations, the decision to implement any recommendations rests solely upon the client's approval. Clients are not required to implement their financial plan through SPF and may elect any broker-dealer.

Morningstar

The Morningstar Program offers client's access, through SPF IARs, to Morningstar Investment Services ("MIS") an unaffiliated investment advisor. The primary purpose of MIS' investment adviser operations is to provide discretionary investment advice on portfolios consisting of no-load and load-waived open-end mutual funds and/or exchange-traded funds ("Funds"). MIS delegates certain services to the SPF IAR such as assisting each client in completing a questionnaire and/or other applicable account opening forms for determining suitability. The questionnaire helps in determining such things as client risk tolerance, investment objectives, and financial goals and identifies any reasonable restrictions that clients wish to place on the management of their account assets. Additionally, the SPF IAR will meet periodically with clients to obtain any changes in their financial situation and acting as liaison.

Pursuant to the discretionary authority granted by the client to MIS, MIS initiates transactions in fund shares to rebalance and/or to reallocate account assets to be consistent with the client's selected portfolio and restrictions, if any, and as frequently as MIS deems necessary. The SPF IAR will not have discretion.

Employer-Sponsored Retirement Plan Services

SPF, through its IARs may provide investment advisory services to business owners, tax-exempt nonprofit organizations, and their employees with regard to their employer-sponsored retirement plans. These retirement plans may include but are not limited to the following: SEP & SIMPLE IRA, 401(k), 403(b), 457(b), 457(f), Profit Sharing, Cash Balance, Defined Benefit and Deferred Compensation plans. Investment advisory services are generally provided in tandem with bundled or unbundled third-party retirement plan providers who are unrelated to SPF and under separate contract with the employer.

The IAR accepts their responsibility as a Fiduciary with regard to the services and actions they perform that fall within the definition of "Retirement Investment Advice" as defined by the Department of Labor.

Services provided to business owners and tax-exempt nonprofit organization may include:

- Assist with securing administrative/ record-keeping services with the retirement plan provider of their choice.

- Assist with securing the services of a third-party 3(21) or 3(38) Investment Fiduciary for the selection and ongoing monitoring of Plan investments.
- Assist with the business owner's or tax-exempt nonprofit organization's periodic review of the Plan's investments (performance and objectives). This may include assistance with interpreting and reviewing plan related reports and disclosures provided by third-party investment fiduciaries and/or retirement plan providers.
- Assist with employer-scheduled group employee plan enrollment, periodic re-enrollment (if applicable) and related activities when new employees are hired and/or become eligible to participant in the Plan.

Services provided to the business owner's or tax-exempt nonprofit organization's employees may include the following:

- Provide guidance and support regarding increasing their level of retirement readiness with the goal of achieving a successful retirement outcome by participating in their employer-sponsored retirement plan.
- Conduct periodic group educational meetings to acquaint and reinforce the ideals and prudent practices of saving for retirement.
- Act as a resource. Be available on an ongoing basis to address investment and Plan related questions and concerns.
- Provide assistance with personal risk tolerance assessments and corresponding evaluation of available investment options for the purpose establishing an appropriate asset allocation.

Please note that Plan participants will self-direct their own investment accounts. Neither SPF nor the IAR will have any discretionary trading authority and may not be involved in directing or placing any transactions on behalf of Plan participants.

Additionally, neither SPF nor the IAR, in the performance of the above noted services, will assume any responsibilities related to duties of the plan trustee, responsible plan fiduciary, plan sponsor, plan administrator or have any discretion over the operation of the plan or any responsibilities to interpret its provisions or definitions.

<u>SEI</u>

SEI is an independent and unaffiliated third-party custodian. SPF acting as the investment adviser may use the SEI Asset Management Program. Clients may invest in SEI mutual fund models, ETF models and separately managed accounts. In the SEI Management Program, SPF (i) assists clients in completing a suitability questionnaire, (ii) educates the clients about SEI asset allocation investment styles, (iii) recommends an appropriate allocation of SEI model portfolios and (iv) provides ongoing client assistance in monitoring performance. Clients retain the authority to change the portfolio selected.

SPF Advisor Directed Non-Discretionary Advisory Accounts-(N6Y- is no longer available for new business.)

The Advisory Account is a non-discretionary advisory program. Therefore, the Client must review and approve each trade before it is placed. The IAR assists the Client in completing an Investment Policy Guideline based on the Client's stated financial information, investment goals, time horizon and risk tolerance. With this information, the IAR creates an asset allocation plan. Once the proper allocation is determined the IAR can present the Client with a wide range of eligible investment vehicles designed to achieve their risk and allocation parameters. These investment vehicles may include no-load and load-waived mutual funds, exchange traded funds ("ETFs"), individual stocks, bonds and UITs.

Various mutual fund share classes are available for purchase in the SPF Asset Management Account. The mutual fund share classes include load-waived A shares, institutional class shares and adviser class shares. In some cases, a mutual fund may only offer load-waived A shares. However, another similar mutual fund may be available that offers institutional class shares or adviser class shares. In general, institutional class shares and adviser class shares are not subject to 12b-1 fees. As a result of the different expenses associated with the various mutual fund share classes, the fees may be higher in load-waived A shares versus institutional class shares or adviser class shares. To off-set these potentially higher fees, for any mutual fund position in your account that pays a 12b-1 fee, it will be credited to your account.

Digital Investment Program

SPF offers an automated investment program (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds and mutual funds ("Funds") and a cash allocation. The client may instruct us to exclude up to three Funds from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co."). We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). SPF, and not Schwab, is the client's investment adviser and primary point of contact with respect to the Program. SPF is solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System").

The System includes an online questionnaire that can help us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that, if we use the online questionnaire, we will recommend a portfolio via the System in response to the client's answers to the online questionnaire.

SPF charges clients a fee for our services as described below under Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab receives from the market centers where it routes ETF trade orders for execution. We do not pay SPT fees for the Platform so long as we maintain $100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If we do not meet this condition, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

IRA Rollover Considerations

If you decided to roll assets out of a retirement plan into a SPF advisory individual retirement account ("IRA"), SPF and your IAR will have a financial incentive to recommend that you invest those assets in one of our programs, because SPF and your IAR will be paid on those assets, for example, through advisory fees. You should be aware that such fees likely will be higher than those you pay through your plan, and there can be custodial and other maintenance fees.

The following fiduciary acknowledgement applies only when our IAR (i) provides investment advice to participants in or the fiduciaries of ERISA-covered retirement plans and to owners of IRAs, and (ii) recommends to participants in ERISA-covered retirement plans or owners of IRAs to make a rollover to an IRA.

When we provide investment advice to you regarding your retirement plan account or IRA, we are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. Fiduciary status for this purpose does not necessarily mean we are acting as fiduciaries for purposes of other applicable laws. This acknowledgement of fiduciary status does not confer contractual rights or obligations on you, SPF, or the IAR.

Item 5 – Fees and Compensation

This section provides information concerning fees and compensation for investment advisory services and programs available through SPF. Additional information regarding fees and compensation for the Contour wrap fee program offered by SPF can be found in the Contour Wrap Fee Program Brochure.

SPF and our IARs are compensated for our services by charging an advisory fee. Advisory fees are typically

calculated as a percentage of assets under management. Fees vary based on the type of advisory service provided to a client. The actual fee is disclosed prior to the client signing the agreement. The advisory fee is shared between your IAR, the IAR's financial institution if applicable, and SPF. Although platform fees and third-party money manager fees are generally non-negotiable, your IAR can negotiate his or her advisory fee.

Specific program fees are discussed below. The fee charged can be higher or lower than a program's listed fees depending on the client's unique circumstances. The fee charged by SPF is established in the client's written agreement with SPF. Depending on the program selected, fees will be billed on a monthly or quarterly basis in advance or arrears. All fees are specified in the client agreement, which typically authorizes the custodian to directly deduct the advisory fees from a client's account.

Advisory fees are prorated for each deposit and withdrawal made during the applicable calendar month or quarter (with the exception of de minimis contributions and withdrawals). Accounts opened or terminated during a calendar month or quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Accounts may be terminated by providing written notice to SPF.

Certain advisory programs offer the ability to "household" eligible accounts for a lower fee schedule. Householding involves aggregating your accounts for fee calculation purposes, which can help you qualify for a lower fee. A household is generally a group of accounts having the same address of record or same Social Security number. Households are established through the IAR and must be requested by the client. Neither SPF nor our IARs are responsible for identifying eligible accounts. The client is responsible for determining if they have eligible accounts and ensuring those accounts remain eligible. SPF and our IARs earn higher fees if clients elect not to household eligible accounts where available. Clients should discuss the program fee and any potential fee reduction available through householding with their IAR.

Advisory fees are charged to clients of SPF's various advisory platforms in exchange for account management, investment advice, consultation, and other advisory services offered under the platforms. Advisory fees are separate and distinct from fees and charges imposed on clients by custodians, brokers (including SPF), third party investment advisers, and other third parties, such as fees charged by managers, transaction fees, custodial maintenance fees, fees and taxes on brokerage accounts and securities transactions, and underlying mutual fund fees and expenses paid to mutual funds and other investment product companies. Some common transactions that include associated processing fees and charges include trading, transfers, distribution of funds, systematic investments and withdrawals, and mutual fund exchanges. Many different circumstances can cause fees and charges to vary account by account. Some of these circumstances include the type of security being traded and dollar amount and/or share quantity of the trade. Custodial fees vary between custodians and the type of account. For instance, some types of retirement accounts carry higher custodial maintenance fees than others.

When Pershing is the custodian, SPF, as negotiated with Pershing, including for accounts introduced by SPF as broker-dealer, clients are charged fees for: outgoing transfers, wired funds, stop payments, direct

registration of securities, statement and confirm fees, margin extensions, ticket charges, IRA maintenance and termination fees, as well as asset-based fees on money market positions, uninvested cash balances, margin balances and cash sweeps to bank accounts. SPF receive a portion of these fees, including where SPF marks up the fees, which can be substantial. SPF's receipt of these fees represents a conflict of interest for SPF because the fees constitute additional revenue to SPF. To mitigate this conflict of interest, the IAR does not receive a portion of these fees and SPF does not require or incent IARs to recommend advisory programs custodied with Pershing. See "Other Fees and Expenses" below.

In addition to the investment advisory fees and transaction charges and account fees will also incur certain fees and charges imposed by third parties in connection with investments made through the program. These will include, but are not limited to, the following: Mutual fund or money market 12b-1 and/or service fees, mutual fund, money market or ETF management fees and administrative expenses, mutual fund transaction fees, other transaction charges and service fees, IRA and qualified plan fees, and other charges required by law. SPF receives a portion of these fees, which can be substantial, and this creates a conflict of interest for SPF because the fees constitute additional revenue to SPF. To mitigate this conflict of interest, the IAR will not receive a portion of these fees and SPF rebates to your advisory account the amount of any 12b-1 fees it receives on mutual fund positions in your advisory account. Further information regarding charges and fees assessed by a mutual fund are available in the appropriate prospectus.
As noted above, mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in the fund's prospectus. Such charges and fees are exclusive of and in addition to SPF's fee, and SPF does not receive any portion of these fees. Clients may generally avoid advisory account and brokerage fees by purchasing funds directly from a fund family and not receiving investment advice from an investment adviser such as SPF.

Variable annuities also charge mortality, expense and administrative charges, fees for additional riders purchased by client on the contract, and charges for excessive transfers within a calendar year if imposed by the variable annuity sponsor.

A customized program account may cost the client more or less than purchasing program services separately. 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, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.

The costs associated with an advisory account may be more than costs associated with a traditional brokerage account arrangement where the client pays a commission for each transaction but does not receive ongoing investment advice, this is particularly true for clients that intend to have a low number of transactions or follow a buy-and-hold approach. If you intend to follow a buy-and-hold investment strategy or do not wish to receive ongoing investment advice or management services, you should consider opening a commission-based brokerage account rather than an advisory account.

In advisory accounts, a client is paying for ongoing investment advice from an IAR. An IAR recommending an

advisory account to a client receives a portion of the advisory fee as a result of the client's participation in an advisory program. In some circumstances, this compensation will be more than what the IAR would receive if the client had a brokerage account through SPF. If compensation would be more in recommending an advisory account than a brokerage account, an IAR has a financial incentive to recommend advisory programs or services over brokerage programs or services. Notwithstanding that conflict of interest, SPF and our IARs take their responsibility to clients seriously and will recommend an advisory program or service to a client only if it is believed to be in the client's best interest.

The compensation an IAR can receive varies between advisory programs and services, therefore, an IAR has a financial incentive to recommend one advisory program or service that permits the IAR to charge the higher compensation over another advisory program or service where the IAR's level of compensation is less. Recommendations for specific advisory programs and services are made based on the IARs best judgment based on the information a client provides to the IAR.

In most circumstances, IARs are also registered representatives with SPF and, as such, may act in a broker-dealer capacity. In such capacity, an IAR may sell securities through SPF and receive normal and customary commissions as a result of purchases and sells as well as 12b-1 fees from mutual funds held in client accounts. If an IAR recommends that a client invest in a security, which results in a commission being paid to the IAR in his or her capacity as a registered representative, and then recommends the security be moved to an advisory account, this represents a conflict of interest. SPF conducts reviews of IAR commission and advisory fees in an effort to ensure suitability for source of funds for new advisory deposits.

Contour Platform Fees

Contour is a wrap fee program where no transaction charges apply, and a single fee is paid for all advisory services and transactions. The fees for participation in Contour are based on an annual percentage of your platform assets. The total fee is comprised of three components: (a) a program fee, (b) an advisory fee, and (c) if applicable, a manager(s) fee. The manager fee applies in the FSP, SMA, and UMA programs, but no manager fee is included in the APM program. The total fee is detailed in the SIS.

The total fee is billed and collected monthly in arrears based on the average daily balance of the aggregate client accounts during the preceding calendar month. For purposes of calculating the total fee the account month begins on the day on which the account is funded. The initial total fee is due at the end of the calendar month following execution of the SIS and may include a prorated fee for the initial quarter. Subsequent total fee payments are due and assessed at the end of each month based on the average daily value of the assets under management as of the close of business on the last business day of that month as valued by an independent pricing service, where available, or otherwise in good faith reflected on the client's quarterly performance report.

Fees are automatically deducted from your account, or from another billable account as directed by you. The fees deducted, including the dates and amounts, are reflected on the statements sent by Custodian. You should review those statements and the fees deducted. Any questions on the fees deducted from your account should be directed to your IAR, or you may contact us at the number on the cover page of this

Brochure.

The advisory fee compensates your IAR and the IAR's financial institution, if applicable, for assisting in the design, implementation, and ongoing monitoring of your investment plan. The advisory fee is negotiated between you and your IAR but will not exceed 2.25% in APM and 2.00% in FSP, SMA and UMA, except that in connection with fees for annuity subaccount management in APM, the advisory fee will not exceed 1%. The fee charged depends upon a number of factors including the amount of the assets under management, the nature and extent of other account relationships between you and your IAR, the nature and complexity of the model portfolios, and other factors that the IAR deems relevant. The fee you negotiate may be different than the fees your IAR negotiates with other clients or the fees other IARs negotiate with other clients for similar services.

The program fee includes execution, clearing, custody, and SPF, Envestnet, and Custodian fees. The program fee is assessed in each of the program options and is non- negotiable.

Manager fees apply in the FSP, SMA, and UMA. The manager fee in the SMA and UMA varies by the selected SMA Manager, Sub-Manager, or Model Provider and ranges between 0.00% and 0.75% of your platform assets. In the UMA, if your account has more than one Model Provider or Sub-Manager, the effective Manager Fee will be a blend of all Model Providers' and/or Sub-Managers' fees weighted by the dollar amount invested in each Model Portfolio. SMA Managers or Model Providers who charge no, or a nominal fee are typically compensated by advisory fees from the proprietary funds the SMA Managers or Model Providers include in their models. In the FSP, the Manager Fee ranges from 0% to 0.50% depending on the portfolio selected. Manager Fees are non-negotiable.

An additional charge of up to 10 basis points (0.10%) will be added to your program fee if you elect certain tax management services, ESG or socially responsible screening, or other portfolio customization described in the SIS. This charge is paid to the investment manager or the "overlay manager" that applies the tax screening to your investments.
For complete fee details including account fee schedule guidelines, please see the Contour Wrap Fee Program Brochure.

<u>AssetMark</u>

A quarterly fee on assets under management will be assessed by SPF to the client's account or accounts based on the Fee Schedule below. The fee will be calculated and charged in advance on the aggregate account balance at the end of each calendar quarter. If the program selected includes only AssetMark or their affiliate's proprietary mutual funds, there is no Program Fee since AssetMark will receive a management fee from the underlying funds. In addition to the below fees, the account will also be charged a custodian fee the amount of which varies per custodian. The custodian fee may be a fixed amount ranging from 0-$250. Other custodians charge a percent of assets under management ranging from 0-.28%.

For all **AssetMark** Program accounts, you will pay the following standard ranges:

Program Fee:	Up to 0.90% of account assets
IAR Fee:	Up to 1.45% of account assets
Manager Fee:	Up to 0.60% of account assets

The total fee that you will pay will be the combination of the Program Fee, the IAR Fee, and the Manager Fee (if applicable).

Financial Planning Fees

Fees and services for financial planning are agreed upon with the client prior to the commencement of the planning process. Fees for financial planning services depend upon the scope and complexity of the financial plan and may be a flat fee or hourly rate. Unless otherwise approved in advance by the SPF Compliance Department, the maximum hourly rate may not exceed $250 per hour and the maximum flat fee may not exceed $10,000 within a 12-month period. In limited circumstances, SPF may also agree to charge an asset-based fee. Fees for services are specified in the client's Financial Planning/Investment Advice Profile (Schedule A). Considerations for establishing fees may depend upon (i) the complexity and number of financial planning reports, (ii) the complexity of the client's investment goals and circumstances, (iii) including the amount and complexity of custom documents for the IAR to review to complete the financial plan, and (iv) the total amount of assets involved in the client relationship.

Fees for financial planning services are negotiable and charged as services are rendered. Fees for financial planning service should be paid by check made payable to Sorrento Pacific Financial,
L.L.C. Other arrangements for paying fees (e.g., paying in advance, deducting from an account where SPF is the broker-dealer, or through monthly or quarterly installments) may be arranged with advance approval of SPF. Financial Planning services may be terminated upon written notice without penalty. Any unearned portion of fees paid in advance will be refunded upon termination.

The financial plan or investment advice may include generic recommendations as to general types of investment products or specific securities, which may be appropriate for the Client to purchase given his financial situation and objectives. The Client is under no obligation to purchase such securities through SPF and the IAR in his/her capacity as a registered representative of SPF. However, if the Client desires to purchase securities or advisory services in order to implement the financial plan, this may result in the payment of normal and customary commissions or advisory fees to SPF and the IAR. To the extent that the IAR recommends that the Client invest in products that will result in compensation being paid to the IAR, this is a potential conflict of interest. SPF conducts periodic reviews of the IARs commissions received from financial planning clients to ensure that all fees and compensation are reasonable.

Participant Directed Retirement Account Fees

A quarterly fee on assets under management will be assessed by SPF to the client's account or accounts

based on the Fee Schedule below. The fee will be calculated and charged in arrears on the aggregate account balance at the end of each calendar quarter. The fee may be assessed to one account if multiple accounts exist.

The fees are based on a flat rate with a maximum Fee of 1.5% or on a sliding scale below:

Account Balance	**Annual Fee**
$0-$500,000	1.50%
$500,001-$1,000,000	1.25%
Over $1,000,000	1.00%

Morningstar

A quarterly fee on assets under management will be assessed by SPF to the client's account or accounts based on the Fee Schedule below. The fee will be calculated and charged on the aggregate account balance at the end of each calendar quarter. Mutual fund models are custodied at BNY and charge fees quarterly in arrears. The ETF and Stock Portfolios are custodied at Fidelity and charge quarterly fees in advance.

For all **Morningstar** Mutual Fund Program accounts, you will pay the following standard ranges:

Program Fee: Up to 0.40% of account assets

IAR Fee: Up to 1.10% of account assets

The total fee that you will pay will be the combination of the Program Fee and the IAR Fee.

For all **Morningstar** ETF Portfolio Program accounts, you will pay the following standard ranges:

Program Fee: Up to 0.30% of account assets

IAR Fee: Up to 1.10% of account assets

The total fee that you will pay will be the combination of the Program Fee and the IAR Fee.*

*Annual Minimum MIS Advisory Fee: $150 Select Equity Portfolio

For all **Morningstar** Select Equity Program accounts, you will pay the following standard ranges:

Program Fee: Up to 0.55% of account assets

IAR Fee: Up to 1.10% of account assets

The total fee that you will pay will be the combination of the Program Fee and the IAR Fee.*

*Annual Minimum MIS Advisory Fee (Custom Series): $1,375
*Annual Minimum MIS Advisory Fee (Strategist Series): $550

Employer-Sponsored Retirement Plan Services

The IAR will be paid an advisory fee as agreed upon by the business owner or the tax-exempt nonprofit organization based upon the total assets in the retirement plan. Advisory fees may be paid directly by the employer or deducted quarterly in arrears from participant accounts on a pro-rata basis. If deducted from participant accounts, the third-party record-keeper would typically facilitate the deduction of those fees and remit those to SPF (RIA).

The IARs advisory fee is based on an annualized percentage of total plan assets with a maximum fee of 1.00% per year as indicated on the sliding scale below:

Total Plan Assets	**Max Fee/Year**
$0-$500,000	1.00%
$500,001-$1,000,000	0.75%
Over $1,000,000	0.50%

SEI – Mutual Funds, ETF and SMA

With the exception of accounts under the SEI Wealth Platform, a quarterly fee on assets under management will be assessed by SPF to the client's account or accounts based on the Fee Schedule below. Accounts under the SEI Wealth Platform will be assessed a monthly fee instead. The fee will be calculated and charged in arrears on the aggregate account balance at the end of each calendar quarter or month, as applicable. SEI does not charge a program fee on their mutual fund portfolios since they are using their own proprietary fund family within their models.

Maximum Fee	**Amount Invested**
1.90%	For the first $1 Million assets under management
1.10%	For the next $2 Million assets under management
1.00%	For the next $2 Million assets under management

SPF Advisor Directed Non-Discretionary Advisory Account (N6Y)

Eligible Assets	FEES	
	Annual Fee	Max
Equities, Mutual Funds, ETFs UITs Options, Fixed Income Cash, Money Market	.40%	1.5%

The Program Fee will be paid every calendar quarter in advance, based on the value of Eligible Assets in the Account on the average of the last business days of the prior three month-ends, and it will be due within the first 5 business days of the calendar quarter. If billable asset values for three month-ends are not available, the most recent month-end will be used. The minimum annual Program Fee under this Agreement will be $125.00. There will be a $15 flat fee ticket charge for all transactions.

SPF Advisor Directed Non-Discretionary Advisory Account (QQA)

The below annual asset-based fee is prorated and payable quarterly in arrears.

Eligible Assets	FEES	
	Annual Fee	Max
Equities, Mutual Funds, ETFs UITs, Options, Fixed Income Cash, Money Market, CD's Variable Annuities	.40%	1.5%

Accounts deemed to have excessive trading may be assessed additional trading costs. Other administrative or miscellaneous account fees may be assessed such as wired funds fees plus certain other fees required by law, SEC sales fees or fees for products and services that are not included in the Program.

SPF Margin Interest Rates

Margin Account Balance	**SPF Margin Interest Rates**
Less than $24,999	1.50% above Base Lending Rate

$25,000 to $49,999.99	1.00% above Base Lending Rate
$50,000 and up	0.50% above Base Lending Rate

Advisory programs offer varying pricing structures, which may or may not result in a higher fee to the client. For additional program information, please refer to Item 12 – Brokerage Practices.

Digital Investment Program

The annual fee for management within the account is an asset-based fee of 0.10% (the "Fee"). The Fee is prorated and billed on a calendar quarter basis, in advance, based upon the account value on the last business day of the quarter. The initial Fee will be billed immediately based on the initial account value prorated for the remainder of the quarter. The Fee will be deducted directly from the Program account.

As described in Item 4 Advisory Business, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from mutual funds in the Schwab Mutual Fund Marketplace® (including certain

Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab receives from the market centers where it routes ETF trade orders for execution. Brokerage arrangements are further described below in Item 12 Brokerage Practices.

Other Fees and Expenses

In addition to your advisory fee and transactions charges, you will pay individual retirement account (IRA) annual maintenance fees and tax-qualified retirement plan trustee fees, certain custodial fees, and other ancillary charges within a Contour account, as applicable. You should expect to be charged for specific account services, such as account transfer fees, wire transfer charges, checking fees, paper statements and confirmations, and for other optional services elected by you on a per event basis. These fees are subject to the pricing schedule set by a Custodian and SPF. SPF receives a portion of certain of these fees for accounts in custody with Pershing, including where SPF marks up the fee charged by Pershing, which can be substantial. Please review Item 12 – Brokerage Practices of this Brochure for additional information.

Our receipt of custodial fees, including where we markup a fee, creates a conflict of interest for SPF because the fees constitute additional revenue to us. To mitigate this conflict, we do not share custodial fee revenues with your IAR, and we do not require or incentivize IARs to recommend advisory programs be

custodied with any custodian. Brokerage and other transaction costs and certain administrative fees incurred in Contour accounts are included in the wrap fee.

Please refer to the Account Fee Schedule published in the disclosure section of our website for a detailed schedule of transaction fees and other brokerage costs (cusonet.com/disclosures) for a better understanding of where we receive additional compensation.

You can elect to receive communications and documents from Pershing, including confirmations and statements, electronically by authorizing electronic delivery in writing. Unless you authorize electronic delivery, If Pershing delivers communications and documents to you via U.S. mail a paper delivery surcharge is assessed.

Interest on all cash account delinquencies (Cash Due Interest) in a client account is charged directly to your account at the then current rate. Transfer agent servicing fees, if any, are passed through to you and can vary based upon the transfer agent and position.

For Contour accounts in custody with Pershing, a $10 mutual fund surcharge applies to purchases and redemptions of certain mutual funds that do not otherwise compensate Pershing for administration and operational accounting related to fund ownership. Neither SPF nor your IAR retain any portion of the mutual fund surcharge. A list of applicable funds is available upon request.

Additional Fees for Collective Investment Vehicles

For accounts that contain collective investment vehicles ("Collective Investment Vehicles"), such as mutual funds, closed-end funds, UITs, ETFs, annuities, structured products, or publicly traded real estate investment trusts (REITs), each Collective Investment Vehicle bears its own internal fees and expenses, such as fund operating expenses, management fees, deferred sales charges, redemption fees, other fees and expenses or other regulatory fees, charges assessed by annuity issuers such as contract charges, contract maintenance charges, transfer charges, optional rider fees, subaccount management fees and administrative expenses, short-term trading fees, redemption fees, and other fees imposed by law. Collective Investment Vehicle fees and expenses are disclosed in the applicable prospectus, statement of additional information, or product description. None of these fees are shared with SPF or your IAR. This compensation is in addition to any advisory fee, resulting in increased costs to you.

Some mutual funds assess redemption fees to investors upon the short-term sale of its funds. Depending on the particular mutual fund, this can include sales for rebalancing purposes. Please see the prospectus for the specific mutual fund for detailed information regarding such fees. In addition, you can incur redemption fees, when a portfolio manager to an investment strategy determines that it is in your overall interest, in conjunction with the stated goals of the investment strategy, to divest from certain Collective Investment Vehicles prior to the expiration of the collective investment vehicle's minimum holding period. Depending on the length of the redemption period, the particular investment strategy, and/or market conditions, a portfolio manager may be able to minimize any redemption fees when, in the portfolio manager's

discretion, it is reasonable to allow you to remain invested in a Collective Investment Vehicle until expiration of the minimum holding period.

Wrap Fee Program

A wrap fee program is defined as an advisory program in which a client pays a single, specified fee for portfolio management services and trade execution. We receive a portion of the investment advisory fee you pay when you participate in any of the wrap fee programs we offer. Wrap fee programs are not suitable for all investments needs and any decision to participate in a wrap fee program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon. The benefit of a wrap fee program depends, in part, upon the size of an account, the types of securities in the account, and the expected size and number of transactions likely to be generated. Generally, wrap fee accounts are less expensive for actively traded accounts. For accounts with little or no trading activity, a wrap fee program may not be suitable because the wrap fee could be higher than fees in a traditional brokerage or non-wrap fee advisory account where you pay a fee for advisory services plus a commission or transaction charges foreach transaction in the account. You should evaluate the total cost for a wrap fee account against the cost of participating in another program or account.

SPF maintains policies and procedures to ensure the recommendation of a specific account type is in your best interest. There is no guarantee that the Advisory Services offered will result in your goals and objectives being met. Nor is there any guarantee of profit or protection from loss. No assumption can be made that an advisory fee arrangement or portfolio management service of any nature will provide a better return than other investment vehicles. Advisory programs are not suitable for all investment needs, and any decision to participate in a wrap fee or non-wrap fee program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations. You should evaluate the total cost for participating in a particular advisory program in consultation with your IAR.

General Information Concerning Fees

Fees vary between IARs, and clients can pay more or less than the fees charged by another IAR for similar services. The advisory fee charged can be more or less than what SPF and your IAR might earn from other programs available in the financial services industry or if the services were purchased on a commission basis. To this end, you have the option to purchase investment products that your IAR recommends through other financial services firms that are not affiliated with SPF.

Advisory fees are charged on all mutual fund shares deposited to advisory accounts unless eligible for the fee offset program described in the section entitled Compensation Related to Mutual Funds and Other Investment Products above. This includes shares deposited into an investment advisory account on which a client paid a sales charge. Also, to the extent that cash used for investment in an account comes from redemptions of your other non-managed mutual fund investments, you should consider the cost, if any, of the sales charge(s) previously paid and redemption fees that could be incurred. Such redemption fees

would be in addition to the advisory fee on those assets. You should be aware that such redemptions and exchanges between mutual funds within investment advisory accounts typically have tax consequences in nonretirement accounts, which should be discussed with an independent tax advisor.

Item 6 – Performance-Based Fees

Advisory fees based upon a share of capital gains or capital appreciation of assets of an advisory client are commonly referred to as "performance-based fees." SPF does not permit IARs to accept performance-based fees. SPF does not engage in side-by-side management.

Item 7 – Types of Clients

SPF, through its IARS, offers investment advisory services to individuals, high net worth individuals, pension and profit-sharing plans, charitable institutions, and corporations and other business entities. Our clients can have both fee-based advisory accounts and commission-based brokerage accounts. Depending on an IAR's registrations and qualifications, and a client's preferences and needs, our representatives IARs provide advisory services, brokerage services, or both.

The initial minimum account size for the Contour programs is listed below.

Contour Program	Minimum
Advisor as Portfolio Manager	$25,000
Fund Strategist Portfolios	As low as $2,000
Separately Managed Accounts	$100,000
Unified Managed Accounts	$100,000

The initial Contour account minimum can, however, be waived at SPF's discretion, considering various factors. Such factors include length of client relationship, or combined values of other household/family member accounts. In the SMA program, should the SMA Manager require a higher minimum, the higher minimum will apply. In the UMA program, the minimum account size for each model style is determined by the Model Provider or Sub- Manager.

Minimum Account Size for Other Programs

None	Ascensus, Financial Planning, SEI Mutual Funds
$5,000	Digital Investment Program
$10,000	SPF Advisor Directed Non-Discretionary Advisory Account (N6Y)
$50,000	AssetMark Mutual Funds, Morningstar, AssetMark ETF's, SEI ETF
$200,000	SPF Advisor Directed Non-Discretionary Advisory Account (QQA)
$250,000	SEI SMA, AssetMark GPS

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

Analysis and Strategies

Advisors may utilize varying techniques in formulating investment advice or managing assets for clients. The third-party managers determine the method and source of their analysis and investment strategies. Please refer below and to the ADV brochure for the third-party managers for more information.

Contour

IARs obtain detailed financial and other pertinent data from clients. This assists in determining the appropriate investment strategy for the account. All security analysis methods, sources of information with respect to securities, and investment strategies are determined by SPF IARs for the Contour APM Program and Financial Planning Services.

Contour APM

Clients may elect to purchase and sell equity options and/or equity index options within the Contour APM account. All Contour APM accounts that wish to invest in options of any type must be approved for option trading in advance of any option transactions. Buying and selling options entails additional risks. These risks will be disclosed in writing to clients prior to signing an option approval form to receive approval for options. Clients should fully understand and agree to the risks associated with the type of option transactions that they will authorize in the Contour APM account prior to signing the option approval form.

Structured Products

Clients may also elect to purchase structured products within a Contour APM account. Structured products are securities derived from or based on a single security, a basket of securities, an index, a commodity, a debt instrument and/or a foreign currency. Structured products have a fixed maturity, but typically contain two components – a note and a derivative (which may be an option). Structured products are issued by financial institutions, such as banks and broker-dealers, and are senior, unsecured debt of the issuing institution. As such, structured products are subject to the credit worthiness of the issuer even if they are structured to offer principal protection, and any payments due at maturity are dependent on the issuer's ability to make payment. In addition to this credit risk, other risks of investing in structured products include, but are not limited to, liquidity risk, limitations on upside participation, and the tax treatment may be different from other investments in the Contour APM account.

Financial Planning Services

SPF, through its IARs, provides financial plans and investment advice consistent with a client's financial status, investment objectives and tax status. IAR will obtain the necessary financial data from the client to prepare the financial plan or provide investment advice.

Employer Sponsored Retirement Plans

SPF, through its IARs will provide investment advisory services to business owners, tax-exempt nonprofit organizations and their employees. Investment advice will be tailored to meet the objectives of the "plan" as dictated by the responsible plan fiduciary or tailored to meet the investment objectives and risk tolerance of the Plan participants.

The final decision as to which mutual funds to offer in the Plan to participants is the responsibility of the Employer Plan Sponsor. Neither SPF nor the IAR have any discretionary trading authority.

SEI

SEI provides asset allocation advice to Clients based on the financial objectives, investment objectives, risk tolerance and investment restrictions of the Client. SEI uses a proprietary asset allocation model to make its recommendation. The model uses estimates developed by SEI of the long-term rates of return, volatility and correlations of various asset classes. SEI also provides comparisons of performance to relevant benchmarks. Client's assets are invested in pooled investment vehicles, including the SEI Funds, and collective funds and partnerships to which affiliates of SEI Investment Management Corporation provide services or are separately managed by other registered investment advisers who have contracted with SEI. SEI performs quarterly rebalancing based on standard variances.

SPF Asset Management Account

The SPF IAR completes a client investment suitability review and creates an asset allocation plan with the client. Once the proper allocation is determined, IARs can present the client with a wide range of investment vehicles designed to achieve their risk and allocation parameters. All trades entered per the plan are non-discretionary only. IAR will provide at a minimum annual account reviews and make recommendations to client regarding ongoing allocation and rebalancing.

Risk of Loss

Investing in any type of security involves risk of loss that you should be prepared to bear. SPF does not guarantee the performance of an account or any specific level of performance.

Market values of the securities in an account will fluctuate with market conditions. When an account is liquidated, it may be worth more or less than the amount invested.

There is no guarantee that a client's investment goals or objectives will be achieved. All securities are subject to some level of risk which could cause the value of your securities to decrease in value, and in some cases, could result in a loss of your entire investment. The following are some types of risk that could affect the value of your portfolio:

- Market risk: The risk that changes in the overall market will have an adverse effect on individual securities, regardless of the issuer's circumstances.
- Business risk: Whether because of management or unfortunate circumstances, some businesses will inevitably fail. This is especially true during economic recessions. For example, a company stock can become worthless in the event of a bankruptcy, which would result in a loss of capital to the shareholders.
- Interest rate risk: If the Federal Reserve pushes interest rates higher, the market prices of bonds can be affected. When interest rates rise, the market price of bonds typically falls.
- Inflation risk: Inflation reduces the buying power of a dollar, and could cause uncertainty among individual investors, possibly resulting in corporations backing away from projects which could further reduce the value of corporate equities.
- Regulatory risk: Legislative, regulatory, and/or judicial changes that impact businesses can drastically change entire industries.
- Industry/company risk: These risks are associated with a particular industry or a specific company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, which is a lengthy process before they can generate a profit. They carry a higher risk of fluctuations in profitability than an electric company, which generates its income from a steady stream of clients who buy electricity no matter what the economic environment is like.
- Liquidity risk: Certain investments lack liquidity or the ability to access their principal quickly, without incurring substantial penalties, or the inability to sell the investment until sometime in the future.
- Opportunity risk: You or your IAR may choose a conservative product to invest in, which could cause you to miss out on market upswings which potentially could have increased the value of securities with higher risk. The opposite is also true; market downturns can cause you to lose a significant amount of principal invested in higher risk securities when their funds could have been invested in lower risk securities.
- Reinvestment risk: There is a possibility that you will be unable to make additional purchases of a security already in your portfolio at the same rate at which the original purchase was made.
- Currency or exchange rate risk: Foreign securities face the uncertainty that the value of either the foreign currency or the domestic currency will increase or decrease; either of which will cause the value of your portfolio to fluctuate.
- Transactional cost risk: You could incur significant transactional charges in an unbundled, actively traded account. Frequent trading can decrease the value of your account due to increased brokerage and transaction costs. In addition, the frequent trading can cause taxable events to occur, which could increase your tax burden.
- Short sale risk: While a short position has unlimited capability to increase in value, it in turn increases your risk, as you can be required to purchase the security at a high rate or price in order to cover the short sale.
- Exchange-Traded Funds: ETFs face market trading risks, including the potential lack of an active

market for fund shares, losses from trading in the secondary markets, and disruption in the creation and redemption process of the ETF. Any of these factors can lead to liquidity risk and/or the fund's shares trading at a premium or discount to its "net asset value."

- Leveraged and inverse ETFs: ETFs that offer leverage or that are designed to perform inversely to the index or benchmark they track—or both—are growing in number and popularity. While such products may be useful in some sophisticated trading strategies, they are highly complex financial instruments that are typically designed to achieve their stated objectives on a daily basis. Due to the effects of compounding, their performance over longer periods of time can differ significantly from their stated daily objective. Therefore, inverse and leveraged ETFs that are reset daily typically are unsuitable for clients who plan to hold them for longer than one trading session, particularly in volatile markets.
- Interval Funds: Interval funds provide limited liquidity to shareholders by offering to repurchase a limited number of shares on a periodic basis, but there is no guarantee that a client will be able to sell all their shares in any particular repurchase offer. The repurchase offer program may be suspended under certain circumstances.
- Environmental, Social, and Governance ("ESG") strategies: The implementation of ESG strategies could cause an account to perform differently compared to accounts that do not use such strategies. The criteria related to certain ESG strategies can result in an account foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, or selling securities to comply with ESG guidelines when it might be otherwise disadvantageous to do so. In addition, an increased focus on ESG or sustainability investing in recent years may have led to increased valuations of certain issuers with higher ESG profiles. A reversal of that trend could result in losses with respect to investments in such issuers. There can be no assurance that an ESG strategy directly correlates with a client's ESG goals, and ESG data is not available with respect to all issuers, sectors or industries and is often based upon estimates, comparisons or projections that may prove to be incorrect. As a result, a client account with ESG guidelines could nonetheless be invested in issuers that are inconsistent with the client's ESG goals.
- Structured Products: A structured product is an unsecured obligation of an issuer with a return, generally paid at maturity, that is linked to the performance of an underlying asset, such as a security, basket of securities, an index, a commodity, a debt issuance or a foreign currency. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. A structured product may contain a call feature that can result in the investment being redeemed earlier than

the stated maturity date. If a structured product is called prior to maturity, the payment you receive will depend upon the stated terms of the investment. If a structured product is called, you may not be able to reinvest the proceeds in a similar investment with similar risk and return characteristics.

- Money Market Mutual Funds: While money market mutual funds seek to preserve a net asset value of $1.00, during periods of severe market stress, a money market mutual fund could fail to preserve a net asset value of $1.00 and/or could no longer be a viable business for the fund sponsor, which would force the sponsor to liquidate. It is possible to lose money by investing in a money market mutual fund.
- Credit risk: The risk that an issuer of a fixed income security may fail to pay interest and/or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline. These risks are greater for securities that are rated below investment grade (junk bonds), which may be considered speculative and are more volatile than investment grade securities.
- Options: Holding options for long-term periods could weaken and/or reduce the value of the underlying stock or create the possibility of a worthless position.
- Global risk: International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Also, some overseas markets are not as politically and economically stable as the United States and other nations.
- Cybersecurity risk: SPF relies on the use and operation of different computer hardware, software, and online systems. The following risks are inherent in such programs and are enhanced for online systems: unauthorized access to or corruption, deletion, theft, or misuse of confidential data relating to SPF and its clients; and compromises or failures of systems, networks, devices, or applications used by SPF or its vendors to support its operations.

You should understand and be willing to accept these and other types of risks before choosing to invest in securities or receive investment advisory services.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of SPF or the integrity of SPF's management.

SPF is a broker-dealer in addition to its activities as a registered investment adviser. In connection with its broker-dealer business, SPF has been the subject of certain regulatory actions, some of which SPF has determined to be immaterial. Others are summarized below:

- Over the past several years, the SEC filed actions related to the failure of registered investment advisers to make required disclosures regarding the sale of mutual fund share classes that paid a 12b-1 fee when a lower-cost share class for the same fund was available to clients. In June 2018, SPF

self-reported the relevant payments to the SEC and entered into settlement terms to refund clients. Pursuant to the SEC Share Class Selection Disclosure Initiative, in March 2019 the SEC accepted SPF' settlement offer. Of note is that no IAR received any portion of the 12b-1 fees to be disgorged to clients. SPF corrected all share class selection deficiencies as of March 2018.

SPF, as a broker-dealer, is regulated by each of the 50 States and has been subject to orders related to the violation of certain state laws and regulations in connection with its brokerage activities. For more information about these state events and other disciplinary and legal events involving SPF and our IARs, clients should refer to Investment Adviser Public Disclosure at www.adviserinfo.sec.gov or FINRA BrokerCheck® at https://brokercheck.finra.org.

Item 10 – Other Financial Industry Activities and Affiliations

SPF is registered as a broker-dealer and as an investment adviser with the SEC. In addition, a SPF is qualified to sell insurance products in California and various states. SPF has financial services agreements ("FSA") with other institutions that include banks whereby SPF provides advisory services to bank clients through our IARs. Pursuant to the FSA, SPF shares a portion of advisory fees with the bank.

SPF is an indirect wholly owned subsidiary of Atria Wealth Solutions, Inc. (Atria), a privately-owned company. SPF has the following affiliates.

NEXT Financial Insurance Services Company (NFISCO)	Insurance Agency
NEXT Financial Group, Inc.	Broker Dealer & Registered Investment Adviser
Cadaret, Grant Agency	Insurance Agency
Cadaret Grant & Co., Inc.	Broker Dealer, Registered Investment Adviser, and Insurance Agency
CFS Insurance and Technology Services, LLC	Insurance Agency
CUSO Financial Services, LP	Broker Dealer & Registered Investment Adviser
Western International Securities, Inc.	Broker Dealer, Registered Investment Adviser, and Insurance Agency
SCF Securities, Inc.	Broker Dealer
SCF Investment Advisors, Inc.	Registered Investment Adviser
SCF Marketing, Inc.	Insurance Agency
Ovest Insurance Services LLC	Insurance Agency

Conflicts of Interest as a Broker-Dealer and Insurance Agency

SPF is dually registered as both a broker-dealer and as a registered investment adviser and is also a licensed insurance agency. Most of our IARs are registered with us as a registered representative, which allows them to perform brokerage services for you by executing securities transactions. In their capacity as registered representatives, IARs offer securities and receive commissions as a result of such transactions. There is a conflict of interest when an IAR is able to choose between offering a client fee-based programs and services (as is typical of an advisory relationship) and/or commission-based products and services (as is typical of a

brokerage relationship). There is a difference in how SPF and your IAR are compensated for advisory accounts and brokerage accounts or insurance products. While a client pays a fee to their IAR on an advisory account based on the value of account assets and not the number of transactions, in their capacities as registered representatives, an IAR can offer securities and receive a commission, markup, or markdown on each transaction. To mitigate this conflict, we review our client accounts and transactions to ensure that we have a reasonable basis to believe the recommended services and transactions are consistent with a client's stated goals, objectives, preferences, and needs.

SPF's registration as a broker-dealer is material to our advisory business because advisory accounts are custodied with Pershing, a third-party custodian, where we act in our capacity as an introducing broker-dealer. This results in additional forms of compensation to SPF which are discussed in this brochure. See Item 12 – Brokerage Practices – Pershing Clearing Relationship, and Item 14 – Client Referrals and Other Compensation – Indirect Compensation and Revenue Sharing.

Many of our IARs are also licensed insurance agents appointed with various insurance companies. An IAR can be contracted and appointed as an independent insurance agent or as an insurance agent with SPF. Acting in the capacity of an insurance agent, IARs can sell annuities and insurance products to advisory clients and earn commissions for these transactions.

Clients are under no obligation to purchase products or services recommended by an IAR or through an IAR or otherwise through SPF or its affiliates. Clients are free to implement recommendations through any broker-dealer or advisory firm. If you request that an IAR recommend a broker-dealer, the IAR will recommend SPF; however, you are under no obligation to effect transactions through us.

An IAR's Outside Business Activities

Our IARs can engage in certain approved outside business activities other than providing brokerage and advisory services through SPF, and in certain cases, an IAR receives more compensation, benefits, and non-cash compensation through an outside business activity than through SPF. Some of our IARs are accountants, real estate agents, insurance agents, tax preparers, or lawyers, and some refer clients to other service providers and receive referral fees. As an example, an IAR could provide advisory or financial planning services through an unaffiliated investment advisory firm, sell insurance through a separate business, or provide third-party administration to retirement plans through a separate firm. If an IAR provides investment services to a retirement plan as our representative and also provides administration services to the plan through a separate firm, this typically means the IAR is compensated from the plan for the two services. In addition, an IAR can sell insurance through an insurance agency not affiliated with SPF. In those circumstances, the IAR is subject to the policies and procedures of the third-party insurance agency related to the sale of insurance products and would have different conflicts of interest than when acting on behalf of SPF. When an IAR receives compensation, benefits, and non-cash compensation through the third-party insurance agency, the IAR has an incentive to recommend you purchase insurance products away

from SPF. If you contract with an IAR for services separate or away from SPF, you should discuss with them any questions you have about the compensation they receive from the engagement. Additional information about a IAR's outside business activities is available on FINRA's website at brokercheck.finra.org.

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

SPF places significant value on ethical conduct for all advisory business. In addition to SPF's obligation to comply with the federal securities laws, SPF has also established a standard of business conduct required of all our Supervised Personnel in the SPF Code of Ethics. The SPF Code of Ethics is designed to protect clients by deterring misconduct and preventing fraud by reinforcing fiduciary principles that must govern the conduct of SPF and our personnel. An Adviser, as a fiduciary to its clients, is responsible for providing professional, continuous, and unbiased investment advice. Fiduciaries owe their clients a duty of honesty, good faith, and fair dealing. In order to ensure that our IARs and employees strictly adhere to the highest of conduct and integrity in conducting business on behalf of our clients, we require that each sign our Code of Ethics.

In addition, the Code of Ethics governs personal trading by each employee of SPF deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of SPF are conducted in a manner that avoids any actual or potential conflict of interest between such persons and clients of the adviser or its affiliates. SPF collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve potential conflicts of interest.

SPF will furnish a copy of its Code of Ethics to clients upon request. Clients can contact their IAR or the SPF home office at 858-805-7900.

On occasion, IARs may recommend a security in which they or SPF own shares or have some other financial interest. When the IAR recommends a security, SPF's procedures require the IAR to determine that the investment is suitable to the client's needs and risk profile. In the event that a IAR wishes to buy or sell for himself/herself a security that has also been recommended to a client; the client's order(s) are given priority.

No agency cross transactions or principal trades will be affected in an advisory account.

Item 12 – Brokerage Practices

When you select a SPF advisory program, the broker-dealer responsible for execution of trades varies. There are four possible scenarios: (1) SPF requires the use of a specific broker-dealer, as is the case in Contour and SPF Asset Management Account programs; (2) third-party managers may select the broker-dealer in a third-party managed program; or (3) a client may have the option to elect a broker-dealer.

SPF is registered as a broker-dealer with the SEC and provides various services as an introducing broker-dealer for which it is compensated by a commission or ticket charge. SPF has no brokerage soft dollar arrangements and receives no benefits or research in exchange for executions.

SPF's IARs can recommend to their advisory clients that they use SPF broker-dealer services, in which case services are offered at the same cost as to brokerage clients. However, if an Advisory Services client maintains a brokerage account with SPF, in its capacity as a broker-dealer, they can incur higher transaction costs in the form of commissions or ticket charges than if their accounts were held elsewhere.

In Contour and SPF Asset Management accounts, you authorize us to direct all transactions through a designated broker-dealer. You cannot request that your orders be executed through another broker-dealer. When directing execution of all transactions through a particular broker-dealer, there is no assurance that most favorable execution will be obtained, which could cost you more money. Not all advisers require clients to direct transaction executions to specified broker-dealers, as we do. This creates a conflict of interest for accounts custodied at Pershing because of the economic benefits SPF receives.

We periodically review the execution quality of available broker-dealers to confirm that the quality we receive is comparable to what could be obtained through other qualified broker-dealers.

For accounts custodied at Pershing, SPF relies in part on Pershing's review of execution quality, the details of which are made available to us for our review. In addition, to assist in evaluating the quality of Pershing's equity executions, we engage the services of a third-party consultant who monitors Pershing's equity executions for quality and helps us identify transactions that are eligible for price improvement.

In Contour, SMA Managers, Sub-Managers, or Envestnet, as Overlay Manager, can elect to execute trades at broker-dealers other than Custodian for some or all of their transactions or investment styles. This is frequently referred to as "trading away" or "step out trades". Clients who select such managers will be subject to any transaction charges or other charges, including commissions, mark-ups, mark-downs, or other additional trading costs that are imposed by the executing broker-dealer in addition to the total fee and the other fees described in the applicable wrap fee brochure. The Form ADV Part 2A for the applicable manager should be consulted for additional information.

Certain Contour accounts are managed based on model portfolio strategies. One or more clients can have the same model portfolio, based on their investment objective and risk profile. We typically aggregate orders into block trades when models are rebalanced or if one or more securities are added or removed from a model. Transactions can, however, be executed independent of transactions for other clients. An IAR must reasonably believe that a block order is consistent with SPF's duty to seek best execution and will benefit each client participating in the aggregated order.

When we aggregate orders, we do so in a manner reasonably designed to ensure that no participating client obtains a more favorable execution price than another. Transactions are typically aggregated pro rata to the participating client accounts in proportion to the size of the order placed for each account. If we are unable

to fully execute an aggregated order and we determine that it would be impractical to allocate a smaller number of securities among the participating accounts on a pro rata basis, we will seek to allocate the securities in a manner that does not disadvantage particular client accounts.

SPF may combine or aggregate purchase or sell orders for the same security for multiple clients when it is consistent with the duty to seek best execution and client investment advisory agreements. Managed accounts participating in a block execution receive the same execution price (average share price) for the purchase or sale in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, positions purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement unless another allocation is deemed fair and equitable. If an order is partially filled, the position will be allocated pro rata based on the allocation statement unless another allocation is deemed fair and equitable. Third party money managers with discretionary authority may aggregate purchase or sell orders for the same security for multiple clients. In such cases, the third-party money manager will provide SPF with allocation instructions. Additionally, for SPF Contour APM and Asset Management Accounts, IARs may combine orders for mutual funds and ETFs into block trades when more than one account is participating in the trade. The third-party manager or IAR may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) if all managed accounts receive fair and equitable treatment.

Pershing Clearing Relationship

Pershing is the clearing firm for SPF's brokerage business and is a custodial option for Contour and SPF Asset Management Accounts.

Pershing charges SPF for certain account services for accounts custodied with Pershing (including advisory accounts), including clearing and executing transactions, outgoing transfers, wired funds, direct registration of securities, paper statements and confirms, margin extensions, ticket charges, and IRA custodial maintenance and termination. SPF sets its own price for its services, which are designed to cover its costs of doing business (including overhead and other costs) as well as provide for a profit to SPF. SPF charges clients more for certain services than it pays Pershing, which is sometimes called a "markup," and the markups vary by product and the type of service and can be substantial. SPF keeps the difference between the fees and charges our clients pay and the amount paid to Pershing to cover the costs associated with processing transactions and providing other services.

The economic arrangements between SPF and Pershing (including the fees charged by Pershing) can be renegotiated and change from time to time, including in circumstances where SPF realizes net savings or increased profits from the changed arrangements and SPF does pass on any net savings or increased profits in the form of reduced fees and charges to clients. This practice creates a conflict of interest for us since we have a financial incentive to recommend Pershing since we receive substantial compensation for the services we provide. IARs do not receive a portion of these fees.

Our clearing relationship with Pershing provides us with certain economic benefits and compensation by using ourselves as the broker-dealer for our advisory programs that would not be received if we used an unaffiliated, third-party broker-dealer for our advisory programs. For example, we add a markup certain brokerage-related account charges and fees that are assessed to all client accounts at Pershing. The charges and fees that are marked up are set forth in our Account Fee Schedule on our website under Disclosures (cusonet.com/disclosures). The additional compensation we receive creates a significant conflict of interest with our clients because we have a substantial economic incentive to use Pershing as the clearing firm for trade execution and custody over other firms that do not share compensation with us. The revenue and compensation we receive from Pershing is related to both advisory and brokerage accounts custodied on the Pershing platform. Our IARs do not receive any portion of this compensation.

For assets in the Contour program, SPF pays a recurring fee to Pershing based on a percentage of the aggregate assets invested by advisory clients, excluding certain investments, such as alternative investments. When the assets in the Contour program custodied at Pershing increase, the fee we pay decreases. This creates a conflict of interest for SPF as we have an incentive to recommend advisory clients use Pershing as a custodian over other custodians and to recommend that you increase the amount you have invested in your Contour account.

Pershing pays or shares with SPF the following items:

- For accounts in custody with Pershing with cash balances automatically transferred (swept) into the Dreyfus Insured Deposits P - Tiered Rate Product (DIDP) program, a portion of the fees paid by each participating bank receiving swept funds (each a "Program Bank") equal to a percentage of the average daily deposits at the Program Banks. The combined fee paid to SPF, Pershing, and a third-party administrator will not exceed 4% per year on the average daily balances held in all deposit accounts taken in the aggregate. SPF sets the amount of the fee it charges and retains, which may exceed the amount of interest paid to clients;

- For IRA accounts in custody with Pershing with cash balances automatically transferred (swept) into the Dreyfus Insured Deposits LF – Level Fee Product (DILF), a level monthly fee for each IRA that participates in the DILF program. The amount of this fee is determined based on a fee schedule indexed to the Federal Fund Target Rate published by the Federal Reserve System as detailed in the DILF Disclosure Statement and Terms and Conditions for the Level Fee Product located at cusonet.com/disclosures. The per account monthly fee will be no less than $0.75 and no more than $43.93. It is generally anticipated that the fee SPF charges will be offset by the total amounts paid to SPF by Program Banks. If SPF does not receive sufficient payments each month from Program Banks, SPF reserves the right to debit each IRA account for the amount of any shortfall;

- For brokerage accounts in custody with Pershing that have not been converted to either the Dreyfus Insured Deposits P - Tiered Rate Product (DIDP) or Dreyfus Insured Deposits LF – Level Fee Product (DILF) programs, a portion of the revenue Pershing receives from uninvested client cash balances in such accounts automatically swept into money market funds and FDIC insured bank deposit products of up to 0.60% of the value of cash balances. These payments vary based on the bank deposit account or money market fund a client has selected;

- Transition assistance in the form of (a) reimbursement of IRA termination fees of up to $165 per account for a retirement account transferred to Pershing and up to $125 per retail account for retail accounts transferred to Pershing, (b) a payment based on the value of the assets transitioned, or (c) some combination of fee reimbursements and a payment on the value of assets transitioned;

- A growth assistance credit to support, service, and grow brokerage assets on the Pershing platform;

- A portion of certain brokerage account services and custodial fees charged to client accounts that exceeds the amount that we are required to pay Pershing for such services, including account transfer fees, IRA custodial and termination fees, paper confirm and statement fees, inactive (custodial) account fees, retirement account maintenance fees, and margin interest and/or fees;

- A portion of shareholder servicing fees from certain mutual fund sponsors as part of their FundVest Focus® no transaction fee) mutual fund program (FundVest) as described below; and

- A rebate of a portion of clearing charges paid for equity and ETF transactions if the volume of transactions exceeds a certain number each month.

FundVest Focus® No Transaction Fee (NTF) Mutual Fund Program

In the FundVestprogram, SPF is eligible to receive through a contractual agreement with Pershing, 100% of 12b-1 fees paid by participating mutual funds, and for participating mutual funds that do not pay 12b-1 fees, up to 40% of FundVest services fees paid by participating mutual funds to Pershing for FundVest assets over a threshold amount that are held in the aggregate in clients' brokerage and advisory accounts. Our receipt of a portion of the FundVest service fees creates a conflict of interest because we have an incentive to invest your assets or to recommend that you purchase or hold these mutual funds that pay fees to Pershing that is shared with SPF over other mutual funds that do not pay these fees. To help mitigate this conflict, we do not share these fees with our IARs, and we do not require or incentivize our IARs to recommend FundVest funds. We credit all 12b-1 fees we receive to clients' advisory accounts.

Most FundVest mutual funds have higher internal expenses than mutual funds that are not in the FundVest program, and the share classes of funds in the program have higher internal expenses than share classes not in the program. The higher internal expenses will reduce the long-term performance of an account when compared to an account that holds lower-cost share classes of the same fund. Clients should ask whether lower-cost share classes are available and/or appropriate for their account considering their expected investment holding periods, amounts invested, and anticipated trading frequency. FundVest funds held less than six months are also subject to a short-term redemption fee of $51.50 which will be charged to your account. Further information regarding mutual fund fees and charges is available in the applicable mutual fund prospectus. For a list of funds participating in the FundVest program, please contact us using the contact information provided on the cover of this Brochure. Pershing, in its sole discretion, may add or remove mutual funds from the FundVest program or may terminate the FundVest program without prior notice.

Margin Accounts

Pershing offers margin accounts for our clients where you may borrow funds for the purpose of purchasing additional securities. You may also use a margin account to borrow money to pay for fees associated with your account or to withdraw funds. If you decide to open a margin account, please carefully consider that: (i) if you do not have available cash in your account and use margin, you are borrowing money to purchase securities, pay for fees associated with your account, or withdraw funds; and (ii) you are using the investments that you own in the account as collateral. Please carefully review the margin disclosure document for additional risks involved in opening a margin account.

Money borrowed in a margin account is charged an interest rate that is subject to change over time. This interest payment is in addition to other fees associated with your account.

Pershing and SPF charge interest on margin loans to clients. Under its agreement with Pershing, SPF sets the interest rate for margin loans in a range from 0.25% to 2.75% above the Pershing base lending rate depending on the amount of the margin advance. SPF receives compensation in an amount by which the interest rate exceeds the Pershing base lending rate less 1%. SPF has a conflict of interest in recommending to you a margin loan because SPF (in its capacity as a broker-dealer) receives a markup on the interest charged on the loan. Your IAR is not compensated on margin loan balances and therefore does not have a conflict of interest in recommending the use of margin. Consequently, SPF maintains policies and procedures to ensure recommendations made to you are in your best interest and in conjunction with the lack of compensation to your IAR, believe this mitigates the conflict of interest that SPF has in recommending margin loans.

LoanAdvance Program

You can participate in Pershing's LoanAdvance program which enables clients to collateralize certain investment accounts to obtain secured loans. In LoanAdvance, you are charged a rate of interest that is a floating rate not more 3 percentage points above the Fed Funds Target Rate as published in The Wall Street Journal, plus 200 basis points. We receive compensation in an amount by which the interest rate is marked up over this rate and share it with your IAR. SPF and our IARs have an incentive to recommend that clients borrow money rather than liquidating some of their account assets so that we and our IAR can continue to receive advisory fees on those assets. This results in additional compensation in connection with a client's advisory account. Trading is permissible in the advisory account that is pledged for the loan; however, the collateral must meet Pershing's LoanAdvance maintenance requirement to support the loan.

Securities Lending

You are able to enroll in Pershing's Fully Paid Securities Lending program, which enables qualified clients to lend fully paid-for securities to Pershing. Pershing earns revenue from lending these securities and a portion of that revenue is shared with you, SPF, and your IAR. SPF and your IAR share in 5% of the revenue received. The receipt of this extra compensation creates a conflict in certain advisory programs in which your IAR acts

as the portfolio manager. The conflict surrounds whether this extra compensation would cause your IAR to hold a security in your account that would have otherwise been liquidated but not for receipt of additional compensation. This conflict is mitigated by our requirement that investment decisions made by your IAR must be in your best interest, as well as the fact that if an account holds these positions, your IAR's compensation will increase nominally, but the security will also generate income for your account. Not all accounts or clients qualify for this program.

IARs who are registered representatives of SPF also receive commissions from SPF in their separate capacity as registered representatives of SPF in connection with the sale of financial products they recommend. Receiving such commissions creates a conflict of interest for the IAR and our firm. Accordingly, we monitor and supervise these activities to ensure recommendations of financial products are suitable based upon your financial needs, investment objectives, and risk tolerance.

Cash Sweep Options

SPF, through our clearing firm, Pershing, offers a cash sweep program to automatically move (sweep) uninvested cash balances held in brokerage accounts into either an interest-bearing Federal Deposit Insurance Corporation ("FDIC") insured deposit account through a Dreyfus Insured Deposits Program or a money market mutual fund, depending on the account type. Generally, each account is eligible for a single sweep product chosen specifically for that account type. Retail individual brokerage accounts (including investment advisory accounts), and business advisory or brokerage accounts are swept to the Dreyfus Insured Deposits P – Tiered Rate Product ("DIDP"), individual retirement accounts (IRAs) other than SIMPLE IRAs (SEPs) are swept to the Dreyfus Insured Deposits LF – Level Fee Product ("DILF"), and all ERISA Title I accounts are swept to the Dreyfus Government Cash Management – Investor Shares ("DGVXX") money market mutual fund.

For deposit accounts in the DIDP program, Pershing receives a fee from each participating bank receiving swept funds (each a "Program Bank") equal to a percentage of the average daily deposits at the Program Banks. Pershing shares the fee with SPF and a third-party administrator. The combined fee paid to SPF, Pershing, and the administrator will not exceed 4% per year on the average daily balances held in all deposit accounts taken in the aggregate. SPF receives a substantial portion of this fee but not more than 3.30% per year.

For IRAs, SPF receives a level monthly fee for each IRA that participates in the DILF program. The amount of this fee is determined based on a fee schedule indexed to the Federal Fund Target Rate published by the Federal Reserve System. The per account monthly fee will be no less than $0.75 and no more than $43.93. It is generally anticipated that the fee SPF charges will be offset by the total amounts paid to us by the Program Banks. If SPF does not receive sufficient payments each month from the Program Banks, SPF reserves the right to debit your IRA account for the amount of any shortfall.

Your deposits at each Program Bank are limited to $246,500, or $493,000 for a joint account (98.5% of the

deposit insurance limit). Once this amount is reached at a Program Bank, additional amounts are deposited in subsequent Program Banks in amounts not to exceed $246,500 at each Program Bank. Any amounts deposited above the $2.490 million program maximum ($4.980 million for joint accounts) will be placed in shares of the DGVXX money market mutual fund and will not be covered by FDIC insurance.

For additional information on the DIDP and DILF program, please see the disclosure statement and terms and conditions booklets available on cusonet.com/disclosures.

The DGVXX money market mutual fund is eligible for protection by the Securities Investor Protection Corporation ("SIPC"). SIPC does not protect against the rise and fall in the value of investments.

You may elect to turn off (i.e., opt out of) the automatic sweep feature by contacting your IAR. If you opt out, any cash balances in your account will remain as free credit balances and will not earn interest or be eligible for FDIC insurance but will remain eligible for SIPC coverage if maintained for the purpose of purchasing securities.

Depending on interest rates and other market factors, the yields on the DIDP and DILF will be higher or lower than the aggregate fees received by SPF for your participation in the sweep programs. When yields are lower, this results in a negative overall return with respect to cash balances in a sweep program. Interest rates applicable to DIDP or DILF are often lower than the interest rates available if you make deposits directly with a bank or other depository institution outside of SPF's brokerage platform or invest in a money market mutual fund or other cash equivalent.

SPF receives more revenue when cash is swept into DIDP or DILF than if your cash was invested in other products, including money market mutual funds. Therefore, SPF has an incentive to place and maintain your assets in the DIDP and DILF programs to earn more income, which creates a conflict of interest. A further conflict of interest arises as a result of the financial incentive for SPF to recommend and offer the DIDP due to SPF's control of certain functions. SPF sets the interest rate tiers and the amount of the fee it receives for the DIDP, which generates additional compensation for SPF. The compensation SPF receives for DIDP and DILF is in addition to any remuneration SPF and your IAR receive in connection with other transactions executed within your account for which advisory fees or other charges apply. We mitigate these types of conflicts by ensuring that your IAR does not receive any compensation from these sweep payments, and by maintaining policies and procedures to ensure that any recommendations made to you are in your best interest. You should compare the terms, interest rates, required minimum amounts, and other features of the sweep program with other types of accounts and investments for cash. The sweep products have limited purpose and are not meant as a long-term investment or a cash alternative.

The DIDP and DILF programs are available only to clients of broker-dealers such as SPF that clear through Pershing. Pershing is a wholly owned indirect subsidiary of The Bank of New York Mellon Corporation and is affiliated with (a) The Bank of New York Mellon, a NY state-chartered bank, and BNY Mellon, National Association, a national banking association, both of which participate as Program Banks in DIDP and DILF,

(b) Dreyfus Cash Solutions, a division of BNY Mellon Securities Corporation, which is a service provider for DIDP and DILF, and (c) Dreyfus, a division of BNY Mellon Investment Adviser, Inc. and the investment manager of the Dreyfus money market mutual fund made available to accounts not eligible for DIDP or DILF.

Digital Investment Program

Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co., a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co. as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client's account through the Program. CS&Co. may aggregate purchase and sale orders for Funds across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, CS&Co. provides us and our clients, both those enrolled in the Program and our clients not enrolled in the Program, with access to its institutional brokerage services— trading, custody, reporting, and related services—many of which are not typically available to CS&Co. retail customers. However, certain retail customers may be able to get institutional brokerage services from Schwab without going through us. CS&Co. also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. CS&Co.'s support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of CS&Co.'s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of CS&Co.'s support services:

CS&Co.'s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co.'s services described in this paragraph generally benefit the client and the client's account.

CS&Co. also makes available to us other products and services that benefit us but do not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co. also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

CS&Co. also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology and business consulting;
- Consulting on legal and related compliance needs;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

CS&Co. provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. CS&Co. also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources. The availability of services from CS&Co. benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to CS&Co. in trading commissions or assets in custody. With respect to the Program, as described above under Item 4 Advisory Business, we do not pay SPT fees for the Platform so long as we maintain $100 Million in client assets in accounts at CS&Co. that are not enrolled in the Program. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only us.

SPF receives an economic benefit from Schwab in the form of the support products and services it makes available to us. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the arrangements because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Item 13 – Review of Accounts

For asset management accounts, each IAR is responsible for reviewing copies of periodic account statements and quarterly performance reports for his/her clients. The accounts are reviewed to ensure that the allocations and selected investments continue to fit the risk profile and investment objective of each client. Changes to asset allocations or investments are made when deemed appropriate by the IAR or the third-party investment adviser responsible for managing the account as described in the relevant program description in Items 4 and 8 above.

SPF also reviews Contour APM Program accounts using exception reports triggered by various criteria such as number of trades, percent stock allocation, percent cash allocation, position concentration, and account performance. The reviews are conducted on a quarterly basis by Compliance Department Analysts. Analysts are not assigned a specific number of exceptions or accounts to review.

Financial planning services terminate upon delivery of the financial plan. Thus, there are no ongoing reviews conducted by SPF. However, Adviser offers clients the opportunity for reviews as desired. The client may also choose to engage SPF for subsequent services to review and update the written plan at any time due to major life events or changes in the economic environment. Upon re-engaging SPF for an updated plan, the client would enter into a new investment advisory agreement for services. All financial planning updates or reviews are conducted by an IAR.

Clients will receive, at a minimum, quarterly account statements describing positions and activity. SPF does not provide the statements. All statements are provided by the custodian of the account. SPF urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Performance reports are provided by the third-party manager. For any month there is additional activity in the account, the client will receive monthly statements detailing that month's activity. Moreover, clients will receive quarterly performance reports detailing asset allocation and returns.

Item 14 – Client Referrals and Other Compensation

As discussed below and elsewhere in this Brochure, SPF receives compensation, which can be substantial, from various parties in connection with providing services to clients. In many instances, this compensation is in addition to any advisory fees that clients pay and is not passed on or credited to clients unless otherwise noted. When evaluating the reasonability of SPF's fees, a client should not consider just the advisory fees SPF charges, but also the other compensation SPF receives.

As further described in Item 12 - Brokerage Practices, SPF receives compensation from Pershing in various forms, including: transition assistance, growth assistance credits, markups to transaction and account activity fees, margin interest, revenue from cash sweep programs, credit interest, and volume discounts on trading costs based on the number of trades processed on the Pershing platform. We also receive economic

benefits through our relationship with Schwab.

Solicitation Activities

From time to time, SPF enters into solicitation agreements with individuals or entities whereby investment advisory accounts are solicited by SPF and referred to another state-registered or SEC-registered investment adviser. In these situations, we are compensated for the referral activity.

SPF also has solicitation arrangements with persons or entities who are not our IARs. If a solicitor will receive any portion of the advisory fee paid by a client, the client will receive a written disclosure statement describing the solicitation arrangement between SPF and the solicitor, including the compensation to be received by the solicitor from SPF.

Financial Services Agreements

SPF has entered into financial services agreements ("FSA") with certain unaffiliated financial institutions (e.g., banks) that permit SPF and its IARs to provide investment advisory services to the financial institution's customers. When services are offered in a financial institution, the advisory services are offered by SPF 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. Pursuant to the arrangement, the financial institution acts as a solicitor for SPF and SPF shares compensation with the financial institutions. The compensation varies per financial institution and the maximum payment is 100% of advisory fees for use of the financial institution's facilities, for referrals and access to financial institution customers. For more specifics on the compensation paid by SPF to the financial institutions, clients may contact the SPF Compliance Department by phone at 858-530-4400 or via email at complianceadmin@cusonet.com.

IAR Compensation

The financial institution and/or the IAR receives compensation from SPF. This compensation includes a portion of the advisory fee, which may be more or less than what the financial institution and/or IAR would receive at another advisory firm. An IAR who earns over a threshold amount is eligible for a percentage payout increase, which is not retroactive. In addition, we offer financial incentives, in the form of cash bonuses or compensatory loans, to reward IARs for increasing their assets under management or annual revenue. Certain IARs are employed by another financial professional who pays them a salary or bonus for their services. When compensation is based on the level of production or assets, an IAR has a financial incentive to meet those production or asset levels.

SPF, and the financial institution, have an obligation to supervise IARs and may decide to terminate an IAR's association with SPF and/or the financial institution based on performance, a disciplinary event, or other

factors. The amount of revenue generated by an IAR creates a conflict of interest when considering whether to terminate an IAR.

Oher Benefits

Financial institutions and IARs that meet internal criteria (which includes, but is not limited to, revenue generated from sales of products and services) are eligible to receive other benefits pursuant to special incentive programs. These benefits present a conflict of interest because a financial institution and the IAR have an incentive to recommend investment products and services in general and to remain with SPF to maintain these benefits. These benefits include eligibility for practice management support and enhanced service support levels that confer a variety of benefits, conferences (e.g., for education, networking, training, and personal and professional development), and other non-cash compensation. These benefits also include free or reduced cost marketing materials, reimbursement or credits of fees that financial institutions and/or IARs pay to SPF for items such as administrative services or technology, and payments that can be in the form of repayable or compensatory loans (e.g., for retention purposes or to assist an IAR grow his or her advisory practice). If we make a loan to a new or current IAR, there is also a conflict of interest because SPF 's interest in collecting on the loan affects our ability to objectively supervise the IAR.

Recruitment Compensation and Operational Assistance

When a financial institution or an IAR associates with SPF after working with another financial services firm, the financial institution or IAR can receive recruitment or transition compensation from SPF in connection with the transition. This transition assistance includes payments that are intended to assist a financial institution and/or an IAR with costs associated with the transition; however, we do not verify that any payments made are used for transition costs. In certain situations involving the transfer of client accounts from a third party platform to SPF 's platform, existing financial institution is eligible to receive a flat-dollar amount of to assist with offsetting the estimated time and expense he/she incurs to complete the account transfer process, as well as, replacing marketing and sales material with the new disclosure information. These payments can be in the form of repayable or compensatory loans, and are subject to favorable interest rate terms, as compared to other lenders. In the case of compensatory loans, the loans are generally subject to repayment if a financial institution or IAR leaves SPF before a certain period of time or if other conditions are not met and can include a requirement to maintain a certain level of revenue or assets serviced. Funds advanced by SPF to a financial institution or IAR under a compensatory loan are not taxable to the financial institution and IAR when received but represent taxable income as the principal and interest is forgiven by SPF or the financial institution IAR is paid additional compensation to cover the principal and interest on the note.

Transition assistance payments can be used for a variety of purposes such as providing working capital to assist in funding the IAR’s business, offsetting account transfer fees payable to the custodian as a result of the clients transitioning to SPF’s platforms, technology set-up fees, marketing, mailing and stationery costs,

registration and licensing fees, moving and office space expenses, staffing support and termination fees associated with moving accounts.

The amount of recruitment compensation is often significant in relation to the overall revenue earned or compensation received by the financial institution or the IAR at his or her prior firm. Such recruitment compensation is typically based on the size of the financial institution or IAR's business established at the prior firm, for example, a percentage of the revenue earned, or assets serviced at the prior firm, or on the size of the assets that transition to SPF.

Pacesetters Conference

Each year, SPF holds a conference that recognizes and offers additional training to IAR's based on the prior year's production or commissions within a specified range that places the IAR among the leaders of each firm. Depending on the level of production, top producers receive complimentary attendance (waiver of registration fees), a subsidy to cover all or a portion of their airfare plus one guest, complimentary lodging, meals and some IARs also receive a gift card for services provided by the resort. The Pacesetters Conference may provide an incentive for IARs to recommend investment products based on the compensation received, rather than on a client's needs. These financial incentives create a conflict of interest. To mitigate this conflict of interest, we routinely monitor our advisory programs and in particular we monitor activity more closely as IAR production nears Pacesetter levels. Additionally, we monitor client accounts to ensure that the recommended services and products are consistent with your stated goals and objectives and maintain policies, such as minimum account openings, to ensure the account is appropriate for the applicable advisory program or service. For more specifics on the amount of compensation that your IAR received, if any, related to the Pacesetters Conference, please contact the SPF Compliance Department at 800-686-4724 or via email at complianceadmin@cusonet.com.

Growth Incentives

SPF provides financial incentives to reward financial institutions and/or IARs for increasing their assets serviced or annual production by specific amounts in the form of cash bonuses or compensatory loans that are subject to repayment if a financial institution or an IAR leaves SPF before a certain period of time or if other conditions are not met and can include a requirement to maintain a certain level or production or assets serviced.

Conflicts of Interest

Providing compensation to financial institutions and/or IARs for moving assets to SPF or increasing their assets serviced or revenue creates a conflict of interest in that an IAR has a financial incentive to recommend that a client open and maintain an account with SPF for advisory or brokerage services, and to recommend switching investment products or services where a client's current investment options are not available through SPF, in order to receive the benefit or payment. SPF and our IARs attempt to mitigate these conflicts of interest by assessing and recommending that clients use SPF's services based on the

benefits that such services provide to clients, rather than the compensation earned by an IAR. However, you should be aware of this conflict and take it into consideration in deciding whether to establish or maintain a relationship with SPF and your IAR.

Other Compensation

As discussed below and elsewhere in this Brochure, SPF receives compensation, which can be substantial, from various parties in connection with providing services to clients. This compensation is in addition to any fees clients pay, is not passed on or credited to clients unless otherwise noted, and offsets the cost to SPF of providing services to clients. If SPF did not receive this compensation, SPF would likely need to impose higher fees or other charges to clients for services provided by SPF. When evaluating the reasonableness of SPF's fees, a client should consider not just the account fees SPF charges, but also the other compensation SPF receives. Further details are available on request.

Indirect Compensation and Revenue Sharing

SPF receives compensation and/or fees (also referred to as revenue sharing or marketing support) from certain mutual fund sponsors (including money market funds), insurance (fixed and variable product) issuers, UIT, ETF, alternative investments, and structured product sponsors, and unaffiliated investment advisers that sponsor, manage, and/or promote the sale of certain products that are available to our clients. Product sponsors and third-party money managers ("Partners") pay this compensation to SPF in what we call our Partners Program.

Partners pay different amounts of revenue sharing to receive different levels of benefits for their payments. These payments can be substantial and, as such, creates a conflict of interest for SPF because the payments constitute additional revenue to SPF and can influence the selection of investments and services SPF and/or our IARs offer or recommend to clients. SPF seeks to mitigate this conflict of interest by not sharing revenue sharing payments with our IARs. An IAR's compensation is the same regardless of whether a sale involves a Partners Program product or service. In some cases, Partners pay additional marketing payments to SPF to cover fees to attend conferences or reimburse expenses for workshops or seminars. The payments made under our Partners Program are calculated based either on gross sales or assets under management, or on a flat fee arrangement, and vary by Partner. When Partners pay a flat fee (or marketing allowance) it is negotiated annually. This payment assists with costs related to education, training, conference attendance, reimbursement for workshops or seminars and marketing materials for our IARs. We do not share any marketing allowance with our IARs.

The benefits Partners receive include our IAR contact lists, business metrics, preferred placement on our website, participation in product training initiatives and marketing and sales campaigns, and the ability to participate in our conferences.

We use the revenue from our Partners to support certain marketing, training, and educational initiatives including our conferences and events. The conferences and events provide a venue to communicate new

products and services to our registered representatives and IARs, to offer training to them and their support staff, and to keep them abreast of regulatory requirements. The revenue is also used to pay for annual awards for our registered representatives and IARs who generate the most revenue overall and to pay for our general marketing expenses. A SPF registered representative or IAR who earns total compensation over a threshold amount receives an award, in the form of a trophy, medal, or plaque, and is invited to attend SPF's top producer conference. Revenue from Partners helps to pay for top producer conference costs. Top producing SPF registered representatives and IARs receive conference benefits based on total revenues, including but not limited to, sales of Partners' mutual funds, annuities, structured products, and ETFs.

We prepare and make available to our IARs a quarterly list of Partners' mutual funds and ETFs that have been screened for investment performance against other Partners' funds with similar objectives and asset classes (the "Select Fund List" or "List"). SPF and our IARs have a conflict of interest when an IAR chooses or recommends an investment from the Select Fund List for your portfolio because SPF receives revenue sharing fees from the mutual fund or ETF sponsor. Our receipt of such payment influences our selection of mutual funds and ETFs, as our IARs are likely to recommend a fund or ETF whose sponsor pays us revenue sharing fees over a fund or ETF whose sponsor does not pay us.

SPF also receives compensation from certain Third-Party Advisers to assist in paying for ongoing marketing and sales support activities including training, educational meetings, due diligence reviews, and day-to-day marketing and/or promotional activities. Not all third-party advisers pay such compensation and participating third-party advisers change over time.

The compensation arrangements vary and are generally structured as a fixed dollar amount or as a percentage of sales or assets under management with the adviser.
A conflict of interest exists where SPF receives such compensation because there is an incentive to recommend these Third-Party Advisers over other investment advisers in order to generate additional revenue for the firm. However, our IARs are not required to recommend any third-party adviser providing additional compensation, nor do they directly share in any of this compensation.

Our IARs receive additional compensation from product sponsors. However, such compensation is not 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 or marketing or advertising initiatives, including services for identifying prospects. Product sponsors sometimes also pay for or reimburse us for the costs associated with education or training events that are attended by our IARs and for SPF-sponsored conferences and events. We also receive reimbursement from product sponsors for technology-related costs associated with investment proposal tools they make available to our IARs for use with clients.

To see SPF's Third-Party Compensation Disclosure, which identifies the participants in the Partners Program, along with revenue sharing arrangements by product type, please visit www.cusonet.com/disclosures. We encourage you to review this information in the entirety and contact us with any

questions.

Item 15 – Custody

SPF has limited custody of clients' funds and/or securities when clients authorize us to deduct our management fees directly from their client's account. SPF is also deemed to have custody of a client's funds and/or securities when a client has on file a standing letter of authorization ("SLOA") with the account custodian to move money from a client's account to a third party and under the SLOA authorizes us to designate, based on your instructions from time to time, the amount or timing of the transfers. SPF complies with the SEC's Custody Rule including engaging an independent public accountant to verify funds and securities of which it is deemed to have custody at least once a year.

SPF has an arrangement with Custodians to provide clearance and custody of accounts. The Custodian: (a) maintains custody of all account assets, (b) executes and performs clearance of purchase and sale orders in accounts, and (c) performs all custodial functions customarily performed with respect to securities brokerage accounts, including but not limited to the crediting of interest and dividends on account assets. The Custodian delivers client account statements as well as confirmation of each purchase and sale to you. You can agree in writing to receive transaction information at least quarterly via a quarterly confirmation report in lieu of a trade-by-trade confirmation, where there is an allowable option. The Custodian acts as the general administrator of each account, which includes collecting account fees on SPF's behalf and processing, pursuant to SPF's instructions, deposits to and withdrawals from the account. The Custodians do not assist clients in selecting SPF or any investment objective or in determining suitability. You retain ownership of all cash, securities, and other instruments in the account.

Pershing serves as a qualified custodian of assets for all Contour, and SPF Asset Management Account advisory accounts.

You should receive at least quarterly statements from the Custodian. We urge you to compare the holdings listed on the custodian's statement to those listed on reports SPF or your IAR provides. If you have a question about a discrepancy, you should direct it to your IAR. If the IAR is unable to adequately address your concern, you should contact SPF at the phone number on the cover page of this Brochure.

Contour

Clients will receive statements Pershing monthly and quarterly performance reports from Envestnet. For accounts opened after January 1, 2013, clients will receive a monthly statement from Pershing and access to an online quarterly performance report produced by Envestnet.

Employer-Sponsored Retirement Plans

The custodians vary depending on the program selected. Plan Sponsor and Plan participants can generally view account information (i.e., account balances, transactions, and performance) via the online third-party

record-keeping systems made available by selected retirement services vendor(s)/provider(s).

AssetMark

For the AssetMark program, clients may elect one the following custodians: Pershing, Asset Mark Trust and TD Ameritrade. Statements may be monthly or quarterly depending on the selected custodian. AssetMark provides a quarterly performance report.

SEI

SEI will act as the custodian of assets. Clients will receive monthly account statements and quarterly performance reports.

SPF Advisor Directed Non-Discretionary Advisory Accounts

Pershing will act as the custodian of all assets except variable annuity contracts. The insurance company will serve as the custodian for the variable annuity contract. Clients will receive monthly account statements from Pershing that will reflect all assets within the account and will also reflect the variable annuity contract value. However, the insurance company will provide the official statement for the variable annuity to the client. The client will also receive quarterly performance reports.

Digital Investment Program

Under government regulations, we are deemed to have custody of a client's assets if the client authorizes us to instruct CS&Co. to deduct our advisory fees directly from the client's account. This is the case for accounts in the Program. CS&Co. maintains actual custody of clients' assets. Clients receive account statements directly from CS&Co. at least quarterly. They will be sent to the email or postal mailing address the client provides to CS&Co. Clients should carefully review those statements promptly when received. We also urge clients to compare CS&Co.'s account statements to the periodic portfolio reports clients receive from us.

Item 16 – Investment Discretion

With the exception of within the SPF Asset Management Account and certain Contour APM program accounts, SPF IARs generally do not exercise investment discretion over client assets.

Upon written authorization from the client within the investment advisory agreement for the SPF Asset Management Account, the IAR will provide discretionary management services with respect to mutual fund and ETF holdings. The discretionary authority is limited only to affecting trades within the account; the IAR will determine the security and the amount to be bought or sold without obtaining the prior consent of the client. The IAR will not have discretionary authority with respect to other investment vehicles within the SPF Asset Management Account.

In Contour APM accounts, which are generally non-discretionary accounts, upon written authorization from

the client within an amendment to the Contour account agreement, the IAR provides advisory services on a discretionary basis for the purchase and sale of mutual funds, ETFs, closed-end funds and UITs. For other types of securities approved by SPF for investment in the account, advisory services are provided on a non-discretionary basis, however the IAR is granted limited discretionary authority to reallocate subaccounts within fee-based annuities held by the client in the Program In some cases, the client may provide full discretionary authorization to the IAR for equities, fixed income securities and options. The client authorizes the IAR to have discretion by executing an amendment to the Contour account agreement.

In addition, third party advisers will be granted the authority to select investments for clients on a discretionary basis within certain advisory accounts described in this brochure. Discretionary authority includes the authority to determine the security and the amount to be bought or sold without obtaining the prior consent of the client. This discretionary authority is obtained by the third party as part of a written client agreement and is signed by the client.

Item 17 – Voting Client Securities

Neither SPF nor its IARs will take any action nor give any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which your assets are invested. In Contour, you authorize SMA Managers, Sub-Managers, or Envestnet, as applicable, in writing to exercise discretion in voting or otherwise acting on all matters for which a security holder vote, consent, election or similar action is solicited by, or with respect to, issuers of securities beneficially held as part of the Platform Assets in SMA or UMA accounts. You can revoke this authority by providing written instructions.

Unless you agree in writing to proxy delegation, all proxy materials will be sent directly to you. Any proxy materials inadvertently received by SPF or our IARs will be forwarded to you for direct action and you retain the right to vote such proxies solicited for securities held in the investment advisory account.

Item 18 – Financial Information

SPF is not required to include a balance sheet in this Brochure because we do not require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance.

There is no financial condition that is reasonably likely to impair its SPF's ability to meet contractual commitments to its clients. SPF has never been the subject of a bankruptcy proceeding.