



## **THIRD-PARTY COMPENSATION DISCLOSURE**

CUSO Financial Services, LP (“CFS”) and Sorrento Pacific Financial Services, LLC (“SPF”) collectively “CFS/SPF”, receive compensation and/or fees (also referred to as revenue sharing or marketing support) from certain mutual fund families, insurance (fixed and variable product) providers, exchange traded funds (ETF) and alternative investment sponsors including real estate investment trusts (REITs), and business development companies (BDC) and unaffiliated investment advisers that sponsor, manage and/or promote the sale of certain products that are available to our customers. These payments include commissions, trailing commissions, fees and for certain product providers, revenue sharing payments made in connection with programs that support our marketing and sales force education and training efforts (“Strategic Partners Program”). These relationships provide additional compensation to CFS/SPF that is used to offset a variety of expenses, including, but not limited to, marketing, training, educational presentations and other support. This additional compensation creates a conflict of interest as it influences the selection of investments and services CFS/SPF and/or their financial professionals offer or recommend to customers. The participating programs and payments received are subject to change over time. Accordingly, the information provided below will be updated periodically. This disclosure is intended to provide you with an overview of the various types of compensation and/or fees CFS/SPF receive. We encourage you to review this information in the entirety and contact us with any questions.

### **Strategic Partners Program**

Strategic Partner Program participants (referred to as “Participating Sponsors” or “Strategic Partners”) are listed below. Participating Sponsors pay CFS/SPF different amounts of revenue sharing and receive different levels of benefits for such payments. Revenue sharing fees are not shared with our financial professionals. A financial professional’s compensation is the same regardless of whether a sale involves a Participating Sponsor’s product. In some cases, Participating Sponsors pay additional marketing payments to CFS/SPF to cover fees to attend conferences or reimburse expenses for workshops or seminars. The payments made under the Strategic Partners Program are calculated based either on gross sales or assets under management or a flat fee arrangement and vary by product provider. CFS/SPF receive sales-based revenue sharing only on commission-based business. Participating Sponsors may receive benefits such as financial professional access and contact lists, business metrics, preferred placement on CFS/SPF’ 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 Participating Sponsors to support certain marketing, training, and educational initiatives including our annual National Conference. The conference provides a venue to communicate new products and services to our financial professionals, 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 (in the form of a trophy, medal, or plaque) for our financial professionals who generate the most revenue overall and to pay for our general marketing expenses. Revenue from Participating Sponsors helps to pay for top producer conference costs. Top producing CFS/SPF financial professionals receive an award based on total sales.

### **Mutual Fund and ETF Participating Sponsors**

In addition to receiving sales commissions and other types of compensation, CFS/SPF receive a flat fee, asset-based and/or sales-based compensation from mutual fund and ETF Participating Sponsors. Such payments vary by sponsor. CFS/SPF receive payments from mutual fund sponsors under the Strategic Partners Program of up to 0.20% annually on sales and up to 0.0032% on assets.

The following is a list of mutual fund and ETF sponsors that participate in CFS/SPF's Strategic

Alliance Bernstein	Meeder
Allianz	Nationwide
American Funds	Pacific Funds
Blackrock	PGIM (Prudential Global Investment Management)
BTS Asset Management	PIMCO
Columbia Threadneedle	Putnam
First Trust	Sammons Retirement Solutions
Franklin Templeton	SEI
Goldman Sachs	Hartford Funds
GlobalX ETF's	Transamerica
Invesco	VOYA
Lord Abbett	
Matthew Asia	

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

You do not pay more to purchase funds from the List through CFS/SPF than you would pay to purchase these funds through another broker-dealer, and your financial professional does not receive additional compensation for selecting a fund from the List. Our financial professionals are not required to choose or recommend investments from the Select Fund List.

### **Insurance and Annuity Participating Sponsors**

In addition to receiving commissions, CFS/SPF receive flat fee and/or sales-based compensation from certain insurance and/or variable, fixed and indexed annuity Participating Sponsors. CFS/SPF receive compensation on an annual basis of up to 0.25% on sales of variable annuity products and up to 1% on fixed and indexed annuity sales.

The following is a list of variable, fixed and indexed annuity sponsors that participate in CFS/SPF's Strategic Partners Program:

AIG	Nationwide
Allianz	New York Life
American Equity	OneAmerica
American National	Pacific Life
Athene	Pinnacle
AXA Equitable	Protective
Brighthouse Financial	Prudential
Delaware Life	Security Benefit
Global Atlantic Financial Group	Securian
Jackson National	Symetra
Lincoln National	Transamerica
Mass Mutual	United Life
Midland National Life/Sammons Financial	VOYA Services
	Western Southern

## Alternative Investment Partners

In addition to receiving commissions, CFS/SPF receive a fixed fee and/or payments of up to 1.00% of customer assets invested in certain alternative investment products, including real estate investment trusts (REITs), business development companies (BDCs), and other closed-end funds. This compensation is not shared with our financial professionals.

The following alternative investment sponsors currently participate in the Partners Program:

BlackRock  
CIM f/k/a Cole Capital  
Griffin Capital  
Hines Securities  
PIMCO Flexible Credit Income Fund (PFLEX)

## Unit Investment Trust (UIT) Partners

CFS/SPF receive additional volume compensation based on total assets purchased from UIT sponsors over a given period of time as disclosed in the Unit Investment Trust's prospectus. Certain UIT sponsors compensate CFS/SPF for education seminars for CFS/SPF financial professionals, customers, and prospective customers. This includes due diligence meetings, recreational activities, or other non-cash items. Also, marketing representatives of UIT sponsors, often referred to as "wholesalers," work with financial professionals to promote their UITs. Based on the prospectus, the volume concession rate paid to CFS/SPF does not exceed 0.035% per year.

The following UIT sponsors or brokers currently participate in the Partners Program:

First Trust

## Third-Party Investment Advisors

CFS/SPF receive compensation from certain unaffiliated or third-party investment advisors to assist in paying for ongoing marketing and sales support activities including, but not limited to, training, educational meetings, due diligence reviews, and day-to-day marketing and/or promotional activities. Not all third-party Advisors pay such compensation. Current participating third-party advisors are:

Advisors Capital Management LLC	Goldman Sachs
AssetMark	Horizon
Beacon Capital Management	Meeder
Beaumont Capital Management	Morningstar Managed Portfolios
BluePrint	Russell Investments
Brinker Capital	SEI
BTS Management	State Street Global Advisors
Clark Capital	Symmetry
FTJ/Orion	W.E. Donoghue
Envestnet	

The compensation arrangements vary, and may generally be structured as follows:

- A stated percentage of gross sales up to .05% of net sales with the Third- Party Advisor.
- A stated percentage of assets under management up to .05% of assets under management with the third-party Advisor.
- A minimum flat fee, fixed payment up to \$60,000.
- A combination of the above.

A conflict of interest exists where CFS/SPF receive such compensation because there is an incentive to recommend these third-party advisors over other investment opportunities in order to generate additional revenue for the firm. However, our financial professionals are not required to recommend any third-party advisor providing additional compensation, nor do they directly share in any of this compensation.

### **Other Compensation**

Our financial professionals 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 CFS/SPF for the costs associated with education or training events that are attended by our financial professionals and for CFS/SPF-sponsored conferences and events. CFS/SPF also receive reimbursement from product sponsors for technology-related costs associated with investment proposal tools they make available to our financial professionals for use with customers.

### **Pershing And Quasar Clearing Relationships**

Pershing and Quasar are the clearing firms for CFS/SPF brokerage business. Due to this business relationship, Pershing and Quasar share with CFS/SPF a portion of certain commissions and fees that customers pay to Pershing or Quasar. The following is a brief description of some of the revenue items received from Pershing.

Pershing pays or shares with CFS/SPF the following items:

- 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 or (b) a payment based on the value of the assets transitioned, or (c) some combination of fee reimbursements and a payment based on the value of assets transitioned.
- a growth assistance credit for seven years to support, service, and grow brokerage assets on the Pershing platform.
- a portion of certain brokerage account services and custodial fees charged to customer accounts that exceeds the amount that CFS/SPF 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 fees.
- a portion of shareholder servicing fees from certain mutual fund sponsors as part of their FundVest® FOCUS NTF (No Transaction Fee) program.

Quasar receives service fees from mutual fund companies and shares some of these fees with CFS/SPF. Our financial professionals do not receive any part of the revenue generated by these fees.

### **Cash Sweep & Money Market Sweep**

CFS/SPF offer the Dreyfus insured deposit program through Pershing LLC (“Pershing”). The Dreyfus Insured Deposit Program is a bank deposit “sweep” program that can provide daily interest income and FDIC insurance on balances up to \$2.5 million. CFS/SPF receive compensation from Pershing through the DIDP equal to a percentage of the average daily deposit balance. For additional information on the DIDP, please see the DIDP disclosure booklet available from your financial professional or online at [Dreyfus Insured Deposit Program](#). This compensation is retained by CFS/SPF and is not shared with our financial professionals. The DIDP program provides FDIC insurance and payment rates based on the

interest rate environment as well as based on total account balance. For accounts not eligible for the DIDP, cash balances are invested in a money market fund. The money market mutual fund automatic cash sweep program sweeps uninvested cash daily into taxable or tax-exempt money market funds offered by The Dreyfus Corporation and other investment managers. CFS/SPF receive compensation of up to 0.60% of the assets invested in The Dreyfus Corporation money market funds.

### **Insurance Marketing Organizations**

Insurance Marketing Organizations (“IMOs”) assist investment professionals with the sale of life insurance and fixed annuity products while providing access to multiple insurance companies. CFS/SPF receive compensation from IMO’s based on sales of insurance products from product providers represented by the IMOs. CFS/SPF receives compensation of up to 50% of the override received by the product provider which varies per product. This compensation is used to offset a variety of CFS/SPF expenses, including but not limited to, marketing, training, educational presentations and other support. This compensation is not shared with our financial professionals.

### **Other Fee Disclosures**

Other fee disclosures related to our investment advisory business can be found in the:

CFS Form ADV, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

SPF Form ADV, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)