

# LPL Financial Firm Brochure

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

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

## Item 1: Cover Page

## Item 2: Material Changes

The following is a summary of certain changes made to this Brochure from the time of the most recent annual update dated March 31, 2025. Items 4, 5 and 11 were updated to disclose that certain clients may be required to appoint an order management system provider under the IPA program resulting in additional costs and a conflict of interest. Items 8 and 11 were updated to disclose risks and conflicts of interest related to a client using securities in advisory accounts as collateral for non-purpose loans through an LPL Secured Credit Account, which is a security-based lending program available through LPL.

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## Item 4: Advisory Business

### Introduction

LPL Financial LLC (LPL) is an investment adviser registered with the Securities and Exchange Commission (SEC) pursuant to the Investment Advisers Act of 1940 (the “Advisers Act”). LPL has provided advisory services as a registered investment adviser since 1975. Note that registration as an investment adviser with the SEC does not imply a certain level of skill or training. As of December 31, 2025, LPL managed approximately \$818,320,000,000 of client assets on a discretionary basis and approximately \$797,900,000 of client assets on a non-discretionary basis. LPL is owned 100% by LPL Holdings, Inc., which is owned 100% by LPL Financial Holdings Inc., a publicly held company.

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

### Types of Advisory Services

LPL offers various types of advisory services and programs, including wrap programs, mutual fund asset allocation programs, advisory programs offered by third party investment advisor firms, financial planning and consulting services, retirement plan consulting services, investment research, analyses and consulting services, an advisor-enhanced digital advice program, and other customized advisory services. This Brochure provides information about LPL and the following types of advisory services that LPL provides: financial planning and consulting services, advisory and consulting services to participants on retirement plan assets, third party asset management program services, customized advisory services, investment research, overlay portfolio management services, 529 savings plan account management and referral services related to advisory programs of third party asset management firms.

LPL provides information in separate disclosure brochures for its services offered through the following LPL advisory programs: Strategic Asset Management, Manager Select, Manager Access Select, Personal Wealth Portfolios, Optimum Market Portfolios, Model Wealth Portfolios, Guided Wealth Portfolios, Retirement Plan Consulting and Strategic Market Solution programs. If clients would like more information on such programs, clients should contact the IAR for a copy of the program brochure that describes such program or go to <https://adviserinfo.sec.gov>.

LPL conducts its advisory business under the name “LPL Financial LLC,” as indicated in Form ADV and its communications and investment advisory agreements with clients. Although LPL and certain LPL IARs use separate marketing names or “doing-business-as” (DBA) designations, LPL does not conduct any advisory business primarily through any of those entities.

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



As further discussed in this Brochure, certain programs are offered either on a non-discretionary or discretionary basis. “Non-discretionary” services require clients to initiate or pre-approve investment transactions in their accounts before they can occur, whereas “discretionary” services authorize the IAR or other designated third-party investment advisor to buy, sell, or hold investment positions without obtaining pre-approval from clients for each transaction.

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

### **Financial Planning & Consulting Services**

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

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

### **Individual Participant Advice (IPA)**

Under the IPA program, LPL, through its IARs, provides discretionary management of a participant’s self-directed retirement plan account maintained at certain unaffiliated third-party custodians, if permitted by the participant’s plan. In certain cases, LPL may also accommodate non-discretionary management arrangements or other account types on an exception basis. IAR will provide advice regarding securities made available as investment options through the plan or a self-directed brokerage account, or as otherwise available for accounts enrolled on an exception basis. These services will be offered through an agreement between LPL, the IAR, and the client in addition to client completing account paperwork with the designated custodian.

In connection with such services, IAR will obtain the necessary financial data from the client, assist the client in setting an appropriate investment objective for the account, and provide investment advice with respect to the assets in the account based on the investment objective selected. Clients may impose reasonable restrictions on investing in certain securities or a group of securities. IAR will typically have discretionary authority to trade the participant’s account directly at the custodian; however, non-discretionary services may be accommodated in limited cases. Neither LPL nor the IAR will provide advice or recommendations regarding any retirement plan participant loans or hardships as part of the IPA program, although IAR is available to provide general information and educational assistance to participants regarding these options as applicable.

To enable the IAR to manage the account, the client typically instructs the custodian to grant LPL and IAR authorization to access and effect securities transactions in their account. In certain cases, the client may instead authorize a third-party order management system provider (“OMSP”) to access and facilitate securities transactions in their account based on instructions the OMSP receives from the IAR. Clients are encouraged to closely review any agreements and related disclosures provided by the designated third-party custodian, and OMSP as applicable, and to consult their IAR with any related questions.



### Off-Platform Advice (OPA)

Under the OPA program, LPL, through its IARs, provides management of a participant's self-directed retirement plan account maintained by Fiduciary Trust Company of New Hampshire (FTC), an affiliate of LPL, that must generally be approved by the participant's plan to provide services. These services will be offered through an agreement between LPL, the IAR, the client and FTC. In its capacity as the legal custodian for the OPA program, FTC delegates certain brokerage, recordkeeping and other services to LPL, which in turn outsources certain functions to a third-party service provider. The investment products available under this program are determined by FTC and generally limited to various mutual funds and exchange-traded funds managed by unaffiliated product sponsors.

In connection with such services, IAR will obtain the necessary financial data from the client, assist the client in setting an appropriate investment objective for the account, and provide investment advice with respect to the assets in the account based on the investment objective selected. Clients may impose reasonable restrictions on investing in certain securities or a group of securities. IAR will typically have discretionary authority to trade the client's account directly at the custodian; however, non-discretionary arrangements may be accommodated in limited cases. Neither LPL nor IAR will provide any advice or recommendations regarding any retirement plan participant loans or hardships as part of the OPA program, although IAR is available to provide general information and educational assistance to participants regarding these options as applicable.

### Other Participant Advice Services

LPL, through its IARs, may also provide ongoing management of a participant's self-directed retirement plan account through a centralized management platform using investment models designed by LPL and third-party investment strategists. Under such engagements, clients may authorize LPL and/or IARs to purchase and sell securities on a discretionary or non-discretionary basis pursuant to an investment objective chosen by the client. In addition, clients also may have access to other services available through LPL for participants, including automated rebalancing features. Discretionary or non-discretionary authority is set out in the advisory agreement between LPL, IAR and the client, as well as any additional access to tools described above. The IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the advisory services and assists the client in setting the appropriate investment objective. LPL and IAR provide ongoing investment advice and management that is tailored to the individual needs of the client based on the investment objective chosen by the client. Clients generally may impose reasonable restrictions on investing in certain securities or groups of securities.

### 529 Savings Plan Account Management

LPL, through its IARs, provides management of a client's 529 savings plan account sponsored by a third-party program manager (Program Manager). IAR will provide advice regarding investment options made available by the 529 plan's Program Manager through the 529 plan. A 529 savings plan account Program Manager ordinarily makes mutual funds, target-date mutual funds, exchange-traded funds, money market funds, and insured deposit accounts available as investment options in the 529 savings plan, however, other investment options may be available. These services will be offered through an agreement between LPL, the IAR, and the client. In connection with such services, IAR will obtain the necessary financial data from the client, assist the client in setting an appropriate investment objective for the account, and provide investment advice with respect to the assets in the account based on the investment objective selected. IAR will typically have discretionary authority to trade the participant's account directly at the custodian. IAR's ability to implement investment recommendations will be limited by the terms of the 529 plan and the client's account with the Program Manager, including, for example, limits on the frequency with which investments may be changed.

### Third-Party Asset Management Program (TAMP)

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



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

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

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

Since the services provided by each TAMP sponsor or subadvisor are unique, clients should request and carefully review the applicable disclosure brochure, client agreement and other account paperwork for each TAMP sponsor for more detailed information about their services, including without limitation, a description of the TAMP sponsor’s background, investment strategies, fees, custody arrangements, conflicts of interest, and other relevant information. Clients may request a copy of the TAMP sponsor’s disclosure brochure from the IAR or by visiting <https://adviserinfo.sec.gov/>. Clients may also request the Form ADV 2B Supplemental Brochure for TAMP sponsors and subadvisors from their IAR for detailed information about the management personnel at the TAMP sponsors responsible for managing investment portfolios.

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



### Customized Advisory Services

LPL, through its IARs, offers advisory services to clients outside of an LPL advisory program or any TAMP program described above. Under such customized engagements, clients authorize IARs to purchase and sell securities on a discretionary or non-discretionary basis pursuant to an investment objective chosen by the client. This authority is set out in an advisory agreement between LPL, IAR and the client. The IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the advisory services and assists the client in setting the appropriate investment objective. The IAR provides ongoing investment advice and management that is tailored to the individual needs of the client based on the investment objective chosen by the client. Depending on the specific engagement, the types of securities that the IAR may purchase and sell include mutual funds, ETFs, equities, fixed income securities, variable annuity, and/or variable universal life insurance subaccounts. Clients generally may impose reasonable restrictions on investing in certain securities or groups of securities. The assets managed as part of a customized engagement typically are held at a custodian other than LPL.

### Research Services

LPL's Research Department (LPL Research) makes available investment research materials, which include recommendations on asset allocation and mutual funds, variable annuity or variable universal life insurance subaccounts, and ETFs. When LPL provides investment research, LPL makes no analysis of and does not consider clients' individual circumstances or objectives, and does not tailor any model asset allocation to any specific client's needs, circumstances or objectives.

LPL Research provides investment consulting services to the investment advisor of the Optimum Funds mutual fund family. These services include assisting the investment advisor in determining whether to engage, maintain or terminate subadvisors for the Optimum Funds.

LPL Research also provides investment consulting services to third-party investment advisor firms. These services include providing information, illustrations, reports, analyses, educational materials, portfolio guidance (which may include asset allocation), and other similar materials for the investment advisor firm to consider for its portfolio management activities. The materials provided by LPL are for informational purposes only and the investment advisor firm remains the fiduciary that is responsible for deciding whether and how to use such materials for its portfolio management activities.

### Bank Wealth Program

LPL provides several wealth management tools, such as technology, research, and advisory services, through a platform called the Bank Wealth Program (BWP). BWP is available to clients that are banks, corporate trustees, thrifts, trust companies, broker-dealers, investment advisors, and other financial institutions (Institutions). BWP's tools and services include client acquisition and management tools, data reconciliation services, portfolio monitoring and rebalancing technologies, reporting services, research services, and money manager due diligence.

Not all services are provided to every Institution on the BWP platform. For instance, LPL's research may or may not be offered to each Institution. Furthermore, LPL does not currently custody the assets for BWP, though it may in the future. LPL also does not integrate LPL's brokerage services, and Institutions, in most cases, direct trades to third party broker-dealers, as directed by the Institution.

Institutions may use active discretionary investment management services from independent investment managers researched by LPL. LPL provides due diligence on some independent investment managers offered on BWP. LPL may also offer asset allocation analysis. LPL primarily evaluates money managers and managers of separate accounts, but may also evaluate mutual funds and other security types.



## Item 5: Fees and Compensation

### Financial Planning & Consulting Services

For these services, the fee is negotiated between the IAR and client and the amount of the fee is as stated in Schedule A to the client agreement. The fee is paid to LPL, and LPL shares up to 100% (typically between 90% and 100%) of the fee with the IAR based on the agreement between LPL and the IAR. Clients generally pay either a flat or hourly fee and will be billed at such frequency (e.g., upfront, monthly, quarterly or annually) as determined between Client and IAR. These fees typically range from \$0 to \$15,000, or up to \$500 per hour, but may exceed this amount depending on the frequency and scope of complexity of the financial planning engagement. The IAR may elect to provide these services on a discounted or complimentary basis for no fee. Clients should understand that the fee client negotiates with IAR for these services will be higher than the fees charged by other investment advisors for similar services in certain circumstances and particularly if the fee is at or near the maximum fees set out above. The IAR is responsible for determining the fee to charge each client based on factors such as total amount of assets involved in the relationship, the complexity of the planning services, and the number and range of supplementary advisory and client-related services to be provided. Clients should consider the level and complexity of the planning services to be provided when negotiating the fee with IAR. If IAR engages LPL's home office team to assist with advance financial planning analysis, the IAR may incur consulting fees for such services which may result in the client being charged a higher fee by the IAR than if LPL's team was not retained by IAR.

Clients may pay the financial planning fee by check made payable to LPL Financial LLC. In the alternative, clients may instruct and authorize LPL to debit the fee on a one-time or reoccurring basis either (i) from a non-retirement account of the client held at LPL or (ii) through an LPL approved third party payment processing service. The client may terminate their services agreement at any time and request a pro-rata refund of unearned fees, if any, based on the time and effort of services completed prior to termination of the agreement.

### TAMP – Co-Investment Advisory Services

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

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

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



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

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

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

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

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

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

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

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



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

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

### **Customized Advisory Services, IPA, OPA and Other Participant Advice Services**

Fees for customized, individual participant, off-platform and other participant advisory services are typically based on the value of assets under management and will vary by engagement. The amount of the fee will be set out in the client agreement executed by the client at the time the relationship is established. The maximum advisory fee is generally 1.5% and is negotiable between the IAR and the client, and is typically payable in arrears but may also be deducted in advance, as described in the client agreement with the custodian. The advisory fee will be paid to LPL, and LPL shares between 70% and 100% of the advisory fee with the IAR based on the agreement between LPL and the IAR. The portion of the advisory fee received by IAR may be more than what the IAR would receive at another investment advisor firm.

A custom program account may be terminated according to the client agreement. If the client agreement provides for payment in advance, the agreement will state how the client can obtain a refund of any pre-paid fee if the agreement is terminated before the end of the billing period. LPL may also offer certain of its participant advice platforms to separately registered investment advisers. In such situations, LPL does not serve in an advisory or brokerage capacity to plan sponsors or participants.

In certain cases, LPL serves as the broker-dealer on transactions in a customized advisory account. In such cases, LPL charges the client transaction charges in connection with trade execution through LPL. The transaction charges will be clearly stated in the client agreement executed by the client at the time the relationship is established. If the custom advisory services apply to variable annuities or variable universal life insurance products for which the IAR receives trail compensation, such trail fees generally will be used to offset the advisory fee. In most cases, however, a third-party broker dealer will provide trade execution. In such case, the broker-dealer charges clients commissions, markups, markdowns and/or transaction charges.

For IPA, if the client designates an OMSP to facilitate the IAR's management of the account, the OMSP and LPL share up to 0.40% of the advisory fee negotiated with the IAR. This compensation is paid to OMSP and LPL for servicing and oversight support and is not shared with the IAR.

For OPA, LPL receives compensation of up to 0.35% annually of LPL client assets invested in the money market sweep fund designated for investment of any cash balances under the program. This fee is paid to LPL by the fund sponsor for administration and service-related support that LPL provides the fund and is not shared with the IAR.

Clients should refer to the general information provided above for TAMP programs regarding other fees and charges imposed by third parties as often similarly apply to a custom advisory, IPA, OPA, participant, or other custom advice services. Clients should also closely review any agreements, disclosures or offering documents provided by the custodians for these custom programs and the product sponsors.

### **529 Savings Plan Account Management**

LPL currently does not charge a separate fee for its 529 savings plan account management advisory services. However, clients may obtain separate services from LPL and IAR that involve the payment of fees or commissions for those services.



Client will incur fees and charges imposed by third parties other than LPL and IAR, including fees charged by the Plan Manager or Administrator, 12b-1 fees and administrative servicing fees, recordkeeping and other service provider fees. The investment options made available in a 529 savings plan include mutual funds and ETFs, and, therefore, there are two layers of advisory fees and expenses for those assets. As a shareholder of a fund, clients will pay an advisory fee to the fund manager and other expenses charged by the fund.

The program utilizes no-load or load-waived share classes that are not subject to any upfront sales charge. Clients should understand that in many cases the mutual funds and mutual fund share classes offered through a 529 savings plan charge higher fees and expenses than those that are not offered through the plan, and such other mutual funds and share classes may be equally or more appropriate for a client's account. Other financial services firms may offer the same mutual funds that are offered through the 529 savings plan but at lower overall costs to investors than the costs that clients incur by investing through the 529 savings plan.

Clients should also understand that in many cases the share class offered for a particular mutual fund available through the 529 savings plan charges higher fees and expenses than other share classes that are offered by the same fund but are not available through the 529 savings plan.

### Research Services

There are certain LPL Research services that are part of a bundled service offering to other investment firms for which LPL does not charge a separate fee. LPL Research also offers stand-alone investment research and consulting services for a maximum annual fee of \$125,000. The actual fee charged will depend on the size and sophistication of the investment firm. As compensation for the investment consulting services LPL provides to the investment advisor to the Optimum Funds, LPL receives an investment consulting fee of up to 0.22% of assets from such investment advisor.

### Bank Wealth Program

For BWP, Institutions pay an advisory fee set forth in the agreement between Institution and LPL. The base fee is typically a percentage of the assets held in each SMA or UMA account, as applicable. The fee varies depending on which investment model the Institution chooses, for example, its own model or a third-party manager model. If the base fee falls below a minimum amount, which is set forth in the agreement and varies by Institution, the Institution is still responsible for paying the minimum amount. Additional fees may or may not be charged for additional services, such as tax management services or strategist services. BWP also may provide reporting services on brokerage accounts, and a flat annual fee is charged for such services.

## Item 6: Performance Based Fees and Side-By-Side Management

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

## Item 7: Types of Clients

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

LPL does not require a minimum asset amount for financial planning and consulting services, participant consulting or research services. For customized advisory services, any required minimum account value will be set out in the client agreement.

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



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

The IAR has access to various LPL and third party research reports and model portfolios to which he or she may refer in determining investment advice to clients. The IAR chooses his or her own research methods, investment style and management philosophy. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

LPL Research makes recommendations regarding asset allocation, mutual funds, variable annuity and variable universal life insurance subaccounts and money managers. IARs may or may not follow these recommendations in providing investment advice. LPL Research also constructs asset allocation model portfolios and provides recommendations on the funds to populate those models. In constructing these models, LPL Research uses the following investment strategies: Diversified and Alternative Strategy. Although these descriptions are written in terms of individual equities and/or bonds, they include mutual funds or ETFs whose portfolios consist of the type of equities or bonds referenced.

- **Diversified.** The Diversified investment strategy seeks to promote capital appreciation while taking a reasonable amount of risk to achieve that goal. The strategy is subject to minimal constraints, which allows for a relatively pure implementation of LPL Research's investment advice. In general, Diversified portfolios should be considered by investors seeking investments in primarily stocks and bonds, along with the occasional non-traditional asset class to take advantage of potential market opportunities. Diversified portfolios will hold primarily traditional asset classes. Secondly, if a non-traditional asset class represents the investment that provides the most appropriate means of taking advantage of a market opportunity, it will be included in the recommendation. The non-traditional investments included in Diversified portfolios are more standard, such as conservative balanced strategies. Diversified portfolios tend to be steady in their number of positions. These portfolios tend to remain consistently diversified.
- **Alternative Strategy.** The Alternative Strategy investment strategy seeks to promote capital appreciation while taking a reasonable amount of risk to achieve that goal. Unlike the Diversified investment strategy, which may have an allocation to alternative strategy or non-traditional assets classes, this portfolio typically has an allocation to non-traditional asset classes. This strategy extends the diversification beyond the core style box asset classes into strategies with lower correlation to stocks and bonds in order to lower risk, as defined by standard deviation and maximum drawdown (peak to trough loss), while attempting to maintain long-term performance similar to other portfolios in the same investment objective.

For each of the above investment strategies, LPL Research recommends a strategic or tactical version.

- **Strategic.** Strategic portfolios typically have a three- to five-year time horizon. The allocations within these portfolios are intended to help take advantage of market opportunities LPL Research believes will occur or persist throughout that time frame. Although LPL Research recommends investments through a three- to five-year lens, LPL Research may recommend that these portfolios be traded for fine tuning throughout the year. For clients who take a longer term view or are more tax sensitive, a strategic implementation may be more appropriate.
- **Tactical.** Tactical portfolios are more flexible and are designed to help take advantage of short-, mid-, and long-term opportunities the markets present. LPL Research recommends that these portfolios invest in opportunities for as short as one week and as long as five years. Due to the tactical nature, the trading is notably more frequent than strategic portfolios. Tactically managed portfolios should be considered by clients who wish to take advantage of shorter-term market opportunities that may arise and are not opposed to the prospect of more frequent trading.

### Types of Investments and Risks

Depending on the type of service being provided, LPL and IARs can recommend different types of securities, including mutual funds, unit investment trusts (UITs), closed end funds, interval funds, ETFs, collective investment trusts, variable annuity or variable universal life insurance subaccounts, equities, fixed income securities, options, hedge



funds, managed futures, and structured products. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some risks associated with investing and with some types of investments that an IAR can recommend depending on the service provided.

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



a lower interest rate. This is known as “prepayment risk.” When interest rates rise, debt securities may be repaid more slowly than expected, and the value of the debt security can fall sharply. This is known as “extension risk.” Certain types of debt securities may be subject to “call and redemption risk,” which is the risk that the issuer may call a bond for redemption before it matures and the investor may lose income.

- **Foreign Securities Risk.** Foreign investments involve special risks not present in U.S. investments that increase an investor’s potential to lose money. Among other issues, custody of securities in foreign markets, changes in foreign currency exchange rates, foreign economic and market conditions, actions adverse to investors taken by foreign governments, lack of governmental oversight or regulation of securities markets, underdeveloped settlement and clearing services, and foreign withholding taxes may negatively affect the value of investments in foreign securities.
- **Alternative Strategy Mutual Funds.** Certain mutual funds invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be appropriate for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes, and potential illiquidity. Clients should be aware that alternative investments and/or strategies are generally considered speculative in nature and involve a high degree of risk, particularly if concentrating investments. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund’s concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.
- **Closed-End/Interval Funds.** Clients should be aware that closed-end funds available within the program may not give investors the right to redeem their shares, and a secondary market may not exist. Therefore, clients may be unable to liquidate all or a portion of their shares in these types of funds. While the fund may from time to time offer to repurchase shares, it is not obligated to do so (unless it has been structured as an “interval fund”). In the case of interval funds, the fund will provide limited liquidity to shareholders by offering to repurchase a limited amount of shares on a periodic basis, but there is no guarantee that clients will be able to sell all of the shares in any particular repurchase offer. The repurchase offer program may be suspended under certain circumstances.
- **Exchange-Traded Funds (ETFs).** ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread.” The spread varies over time based on the ETF’s trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs may be closed and liquidated at the discretion of the issuing company.
- **Unit Investment Trusts (UITs).** UITs are investment companies that generally offer a fixed portfolio of stocks and bonds as redeemable units to investors for a specified period of time. Like a mutual fund, UITs typically issue redeemable units. However, UITs differ from mutual funds in that UITs have stated expiration dates and are not actively traded. As a consequence, UITs will not be sold to take advantage of market conditions and their value may fluctuate, sometimes rapidly or unpredictably, due to factors affecting securities markets or particular industries. Upon the stated expiration date of a UIT, there is no assurance that the value of the UIT will be equal to or higher than the original price.
- **Exchange-Traded Notes (ETNs).** An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange



and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows: The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks. ETNs may be closed and liquidated at the discretion of the issuing company.

- **Leveraged and Inverse ETFs, ETNs and Mutual Funds.** Leveraged ETFs, ETNs and mutual funds, sometimes labeled "ultra" or "2x" for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions may be magnified over time. Some deviations from the stated objectives, to the positive or negative, are possible and may or may not correct themselves over time. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts, and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.
- **Tax-Managed Investing Risk.** Investment strategies that seek to enhance after-tax performance might be unable to fully realize strategic gains or harvest losses due to various factors. Market conditions could limit the ability to generate tax losses. A tax-managed strategy could cause a client portfolio to hold a security to achieve more favorable tax treatment or to sell a security in order to create tax losses. A tax loss realized by a U.S. investor after selling a security will be negated if the investor purchases the security within thirty days. There is no guarantee that securities submitted for exchange will be accepted by a fund that utilizes a tax-managed strategy (e.g., an "exchange fund"), and exchange funds may accept "out-of-benchmark" securities at the sole discretion of portfolio managers. Although third-party managers of these strategies seek to avoid "wash sales" whenever possible and temporarily restrict securities they have sold at a loss to prevent them, a wash sale can occur inadvertently because of trading by a client in portfolios not managed by the third-party manager. A wash sale can also be triggered by the third-party manager when it has sold a security for loss harvesting and shortly thereafter the firm is directed by the client to invest a substantial amount of cash resulting in a repurchase of the security. Changes to the tax code and other policy changes could result in unfavorable tax treatment for investors in tax-managed strategies.
- **Options.** Option trading is permitted in certain programs. Clients should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the account will no longer hold the security. When purchasing options there is the risk that the entire premium paid (the purchase price) for the option can be lost if the option is not exercised or otherwise sold prior to the option's expiration date. When selling (or "writing") options, the risk of loss can be much greater if the options are written uncovered (naked). The risk of loss can far exceed the amount of the premium received for an uncovered option and in the case of an uncovered call option the potential loss is unlimited.
- **Direct Indexing.** Direct indexing strategies seek to replicate the performance of a market index by directly holding the individual securities, or a representative sample of the individual securities, that make up the index. Direct indexing may provide a more tax efficient means of investing, and may allow for more customized investment



allocations, than investing in a fund or other commingled product that seeks to replicate the index. The potential benefits of direct indexing, however, will not necessarily be realized if you don't take advantage of tax planning or impose account restrictions, such as account level security or sector-based restrictions or customizations based on your specific tax, ESG or other preferences. Fees and expenses for the direct indexing strategy in some cases will be higher than the fees and expenses associated with alternative index products. Higher fees and expenses could adversely impact account performance. The size of your account and the number of securities in the index your account seeks to replicate also limit the ability of your account to replicate the index. As a result, the direct indexing strategy introduces the risk of tracking error relative to the index into your account and can cause your portfolio to underperform the index, including as a result of customization. LPL cannot guarantee that the dividend yield in your portfolio will accurately track a market index.

- **Other Complex Exchange Traded Products (ETPs).** Certain clients meeting qualification standards may also purchase other complex ETPs, which may be structured as ETFs, ETNs or as other types of securities. Similar to leveraged and inverse products, these other complex products differ, often significantly, from traditional ETFs, ETNs and mutual funds and can be significantly more speculative and volatile. Other complex ETPs are often not designed to be held long term. These products include, for example, single-inverse ETPs (Single Inverse ETPs), futures-linked ETPs (Futures Linked ETPs) and cryptocurrency-related ETPs (Cryptocurrency ETPs). Single Inverse ETPs are complex financial instruments that seek investment results that are the opposite of the performance of an index for a stated trading period (or "reset frequency"), often a single day. When a Single Inverse ETP with a shorter reset frequency is held for a longer period, significantly different returns from the investment objective or returns of the underlying assets may result, including potential realized and unrealized losses. A Single Inverse ETP that resets each day is typically inappropriate as an intermediate or long-term investment unless it is recommended as part of a sophisticated trading or hedging strategy that will be closely monitored. Futures Linked ETPs are intended to provide exposure to reference assets like commodities. However, Futures Linked ETPs are not designed to track the spot price of the referenced asset, but instead track the price of futures contracts. The performance of a Futures Linked ETP may deviate significantly from the performance of the spot price of the reference asset, especially over longer periods. Cryptocurrency ETPs are exposed to cryptocurrency, decentralized digitized assets that often rely on blockchain technology. Cryptocurrency ETPs are highly speculative and extremely volatile. Cryptocurrency is part of a new and evolving industry, and neither the technology nor regulatory regime for cryptocurrency is settled. Cryptocurrency ETPs may trade in over-the-counter markets and may not be afforded all of the investor protections of other exchange-traded products. Certain Futures Linked ETPs invest in cryptocurrency futures, which could magnify the risks described above.
- **Structured Products.** Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.



- **High-Yield Debt.** High-yield debt is issued by companies or municipalities that do not qualify for “investment grade” ratings by one or more rating agencies. The below investment grade designation is based on the rating agency’s opinion of an issuer that it has a greater risk to repay both principal and interest and a greater risk of default than those issuers rated investment grade. High yield debt carries greater risk than investment grade debt. There is the risk that the potential deterioration of an issuer’s financial health and subsequent downgrade in its rating will result in a decline in market value or default. Because of the potential inability of an issuer to make interest and principal payments, an investor may receive back less than originally invested. There is also the risk that the bond’s market value will decline as interest rates rise and that an investor will not be able to liquidate a bond before maturity.
- **Hedge Funds and Managed Futures.** Hedge and managed futures funds may be purchased by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.
- **Business Development Companies (BDCs).** BDCs are typically closed-end investment companies. Some BDCs primarily invest in the corporate debt and equity of private companies and may offer attractive yields generated through high credit risk exposures amplified through leverage. As with other high-yield investments, such as floating-rate/leveraged loan funds, private real estate investment trusts (REITs) and limited partnerships, investors are exposed to significant market, credit and liquidity risks. In addition, fueled by the availability of low-cost financing, BDCs run the risk of over-leveraging their relatively illiquid portfolios. Due to the illiquid nature of non-traded BDCs, investors’ exit opportunities may be limited only to periodic share repurchases by the BDC at high discounts.
- **REITs.** REITs invest in real estate, and there are special risks associated with investing in real estate, including, but not limited to, sensitivity to changes in real estate values, the risk of investment loss due to the use of leveraging and other speculative investment practices, interest rate risk, lack of liquidity and performance volatility. Non-Traded REITs are not required to provide annual valuations until two years and 150 days after reaching the minimum capital raise required to begin purchasing properties. This threshold is generally outlined in the product’s prospectus. Non-Traded REITs may fund distributions from offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to invest in new assets. Clients should be aware that these securities may not be liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the security, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the security during the repurchase offer. Issuers may repurchase shares at a price below net asset value. The repurchase program may also be suspended under certain circumstances.
- **Private Equity Funds.** Private equity investments are speculative and involve significant risks. It is possible that investors may lose some or all of their investment. The risks associated with private equity include: limited diversification, the use of leverage, and limited liquidity. The investment timeline for private equity can be a decade or more. Some issuers or general partners may penalize limited partners who redeem before holding units for a specified amount of time, or may disallow redemptions entirely.
- **Variable Annuities and Variable Universal Life Insurance Products.** If client purchases a variable annuity or variable universal life insurance product that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity or variable universal life insurance product. Client should also be aware that certain riders purchased with a variable annuity or variable universal life insurance product may limit the investment options and the



ability to manage the subaccounts. Additionally, the decision to liquidate an annuity prior to its maturity date may result in surrender charges and a complete loss of certain benefits for which significant fees may have previously paid to the annuity issuer. Death benefit guarantees of variable universal life insurance products are subject to the claims paying ability of the carrier or issuer.

- **Other Annuity Products.** If client invests in other annuity products, client should be aware of the specific risks and limitations of such products. If client purchases an annuity product that is part of the program, client will receive a prospectus with respect to the terms and conditions of the annuity product. Some products may charge a recapture or redemption fee for contracts or benefits not held for a specified period of time or that do not follow stated withdrawal terms. Registered Index Linked Annuities (RILAs) are insurance products tied to the performance of a market index, offering the positive returns of the index up to a cap and providing a buffer for a certain level of negative returns. RILAs are subject to risks associated with other investment products, including market risk, and the total loss of principal is possible.
- **Non-traded Products.** Non-traded products do not trade on a securities exchange and are not publicly traded. Consequently, non-traded products can be riskier than products that are publicly traded because the product cannot be sold readily in a market by the investor. The non-traded product may offer to redeem shares from investors, but such share redemptions are typically subject to limitations. Share redemptions may also require that shares be redeemed at a discount and there is no guarantee that client will be able to redeem the security during the repurchase offer. In addition, non-traded products may lack share value transparency because there is no market price readily available. Without share value transparency, investors may not be able to assess the value or performance of the non-traded product.
- **Collateralized Lending Program.** For eligible programs, LPL allows clients to pledge securities in their accounts as collateral for non-purpose lines of credit through its collateralized lending program, in each case subject to certain terms and conditions. The collateralized lending program includes LPL's Secured Credit Account (SCA) product, offered by LPL Financial LLC, as well as lending options through third-party banks with which LPL has partnered to facilitate clients' access to credit (partner banks) and other banks (non-partner banks). Clients are not required to use the SCA product or partner banks in LPL's program, and can work directly with non-partner banks to negotiate loan terms or obtain other financing arrangements. Clients who choose to use non-partner banks should notify their IARs of the amount of the line of credit. Loans through the collateralized lending program may be used by clients only for purposes other than buying, trading or carrying securities. For the SCA product, clients borrow directly from LPL and pay interest to LPL. For lines of credit obtained through partner or non-partner banks, clients borrow from the bank and pay interest to the bank. In some cases, an IAR will recommend that a client seeking to access funds (for purposes other than purchasing securities) hold his securities investments and instead utilize a non-purpose line of credit collateralized by the assets in his advisory account. Unless an IAR specifically recommends that a client hold his securities investments and instead utilize a collateralized line of credit to access funds, the decision regarding whether to arrange for a collateralized loan and the decision to draw down on such a loan are not covered by a client's advisory relationship with LPL or his IAR. While an IAR may assist the client with facilitating a line of credit, clients are responsible for independently evaluating the terms of the loan and deciding whether the loan meets their needs. There are risks, costs and conflicts of interest associated with the collateralized lending program and securities-based borrowing generally. The holder of the loan, whether that be LPL or a bank, may require clients to provide additional funds or collateral to secure the loan (referred to as a "maintenance call") and has the authority to liquidate all or part of the securities at any time in accordance with the terms of the lending arrangement. As a practical matter, this may cause you to be required to contribute cash to the account or to sell assets and realize losses in a declining market. Maintenance calls can result in the loss of more funds than the pledged assets. The risk of a maintenance call is heightened when you hold concentrated positions in your pledged account(s). You are not entitled to choose which securities are liquidated or sold to meet a maintenance call, and you are not entitled to an extension of time on a maintenance call. The lender may change maintenance requirements at any time. If the sale of assets does not fully satisfy the maintenance call, you are responsible for the shortfall. A forced liquidation may interfere with your long term investment goals and/or result in adverse tax consequences. For an SCA, any action



taken by LPL, or an affiliate, as lender against the assets in your advisory account pursuant to your SCA loan agreement is separate from your advisory relationship with LPL and therefore not subject to the fiduciary duty requirements under your investment advisory agreement. Further, you should note that the returns on accounts or on pledged assets may not cover the cost of loan interest and advisory fees. Clients should be aware that LPL's collateralized lending program is one way, among many, for clients to raise necessary cash. Before pledging assets in an account, clients should carefully review the governing loan agreement, loan application and any forms required by the lender and any other forms and disclosures provided by LPL. Clients are encouraged to weigh carefully the potential investment, tax or other benefits of the collateralized lending program against the overall risks of securities-based borrowing, tax consequences of liquidation and the total cost of the loan, inclusive of the existing fees that will continue to be paid to LPL and its IARs for the pledged assets. For a list of the third-party banks currently participating in LPL's collateralized lending program, please visit [lpl.com/disclosures.html](http://lpl.com/disclosures.html), click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then "Third Party Compensation and Related Conflicts of Interest." For additional disclosures regarding LPL's Secured Credit Account, please visit [lpl.com/disclosures.html](http://lpl.com/disclosures.html), click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then "Secured Credit Account Disclosures."

- Use of Artificial Intelligence and Machine Learning.** Recent technological advances in artificial intelligence, generative artificial intelligence, and machine learning technology (collectively, "Machine Learning Technology") may pose risks to LPL and its IARs. LPL and its IARs could be further exposed to the risks of Machine Learning Technology if third-party service providers or any counterparties, whether or not known to LPL or its IARs, also use Machine Learning Technology in their business activities. LPL and its IARs will not be in a position to control the operations of third-party service providers or counterparties, the manner in which third-party products are developed or maintained or the manner in which third-party services are provided. Machine Learning Technology is generally highly reliant on the collection and analysis of large amounts of data, and it is not possible or practicable to incorporate all relevant data into the model that Machine Learning Technology utilizes to operate. Certain data in such models will inevitably contain a degree of inaccuracy and error, potentially materially so, and could otherwise be inadequate or flawed, which would be likely to degrade the effectiveness of Machine Learning Technology. To the extent that LPL or its IARs are exposed to the risks of Machine Learning Technology, any such inaccuracies or errors could have adverse impacts on LPL or its IARs, as applicable. Machine Learning Technology and its applications, including in the financial services sector, continue to develop rapidly, and it is impossible to predict the future risks that will from time to time arise from such developments.
- Cyber Security Risk.** Failures or breaches of the electronic systems of LPL, its services providers, securities market participants or the issuers of securities can cause significant losses for investors. Unintentional cyber events, such as the inadvertent release of confidential information, could also adversely impact investor account. Any cyber event could cause result in the loss or theft of investor data or cause investors financial loss and expense.
- Values-Based and Environmental, Social and Governance (ESG) Investing Risk.** Values-based investing or ESG investing, also known as "socially responsible investing," "sustainable investing," or "impact investing," focuses on the social values or environmental, social, and governance standards or the sustainability factors of an investment. Some values-based investing strategies focus on factors relating to an individual investor's personal or religious values, such as "biblical investing," while other strategies focus on issues like environmental impact. Some values-based investment strategies use values-based criteria to supplement financial analysis when considering a particular issuer or security, while others affirmatively select "socially responsible" investments or screen out or exclude investments in companies that engage in certain activities. Values-based investing may limit the type and number of investments available in a strategy and cause the strategy to underperform other strategies without a values-based focus or with a focus that involves a different type of focus or screening methodology. Values-based strategies may underperform the market as a whole. Companies and issuers selected in a values-based strategy may not or may not continue to demonstrate values-based characteristics. Different investors likely have different opinions about what types of investments are socially responsible.
- Comparable Products.** LPL offers various mutual funds, ETFs and other investment products that have similar or identical investment strategies but different fee and expense arrangements. For example, LPL sells both mutual



funds and ETFs that are designed to track an index of securities, such as the S&P 500 Index. A mutual fund and an ETF following an identical strategy have different fees and expenses that affect your investment return. Those fees and expenses include direct costs like sales loads, commissions, and other transaction costs, and indirect costs at the product level like advisory or management fees, distribution expenses (12b-1 fees), and other administrative, shareholder servicing and transfer agent fees. The impact of those fee and expenses on your investment returns also varies based on the size of your initial investment, the length of time you hold the investment, and other factors. The differences in fees and expenses, and additional differences in compensation paid directly by product sponsors like revenue sharing, mean that LPL and its IARs generally will earn more compensation for selling one investment product than another. As a result, LPL and its IARs have a conflict of interest because of the financial incentive to recommend investment products that pay more compensation if a less expensive comparable product could be used to achieve a customer's investment objective.

- **Company Stock.** If company stock is available as an investment option to client in a retirement plan, and if client chooses to invest in company stock, client should understand the risks associated with holding company stock in a retirement plan. These risks may include, but are not necessarily limited to, lack of liquidity, over-dependency on client's employer, and less flexibility to change the allocation of plan assets. Client should pay careful consideration to the benefits of a diversified portfolio. Although diversification is not a guarantee against loss, it can be an effective strategy to help manage investment risk.

## Item 9: Disciplinary Information

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

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

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

As part of a voluntary self-reporting initiative in 2019, LPL entered into a settlement with the SEC in which the SEC found that LPL willfully violated Section 206(2) and 207 of the Advisers Act in connection with inadequate disclosure to clients of its and its associated persons' conflicts of interest related to its receipt of 12b-1 fees and/or its selection of mutual fund share classes that pay such fees. The SEC ordered LPL to cease and desist from committing or causing



any violations of Sections 206(2) and 207 of the Advisers Act, censured it for its conduct, and ordered the payment of disgorgement and prejudgment interest to affected investors totaling \$9,333,516 (2019).

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

- LPL's supervisory systems and maintenance of books and records relating to brokerage direct business transactions, supervisory systems and misstatements about fees relating to brokerage product switch transactions, and supervisory systems relating to brokerage recommendations of publicly traded securities of business development companies (BDCs) to customers, resulting in a censure, a fine of \$5.5 million, restitution to impacted customers, and an undertaking to certify that LPL has remediated the systems and procedures for making recommendations of BDCs (2023).
- LPL's supervisory systems and procedures relating to the transmittal of customer funds by wire or check to third parties and maintenance of related books and records, resulting in a censure, a fine of \$3,000,000, restitution to impacted clients, and an undertaking to identify and pay restitution to affected customers for certain other improper transfers (2023).
- LPL's failure to accurately calculate its customer reserve requirement, failure to maintain a sufficient customer reserve, failure to maintain policies and procedures reasonably designed to achieve compliance with the Securities and Exchange Act and FINRA rules, and failure to maintain accurate books and records, resulting in a censure and a fine of \$300,000 (2022).
- LPL's self-reporting of potential issues related to certain C-share purchase suitability reviews and its supervisory systems and procedures relating to waivers of front-end sales charges for rollovers of 529 savings plan investments from one state plan to another, resulting in a censure and payment of restitution to impacted customers (2021).
- LPL's supervisory systems and procedures relating to record retention, fingerprinting and screening of certain associated persons, and supervision of consolidated reports, resulting in a censure, a fine of \$6,500,000 and an undertaking to review and enhance related policies, systems and procedures (2020).
- LPL's supervisory systems and procedures relating to changes in the authority of custodians of accounts established under the Uniform Gifts to Minors Act and/or the Uniform Transfers to Minors Act, resulting in a censure, a fine of \$300,000, and an undertaking to review and enhance its policies, systems, and procedures related to supervision of such accounts (2019).
- The effectiveness of LPL's anti-money laundering program, LPL's failure to amend certain Forms U4 and U5, and LPL's systems and supervisory procedures relating to Forms U4 and U5 reporting requirements, resulting in a censure and a fine of \$2,750,000 and an undertaking to review the process used to disclose customer complaints on Forms U4 and U5 (2018).
- LPL's brokerage supervisory and disclosure procedures related to the sale of certain brokered certificates of deposit in brokerage accounts, resulting in a censure and a fine of \$375,000 (2018).
- LPL's systems and supervisory procedures relating to the creation and distribution of certain required account notices, resulting in a censure, a fine of \$900,000, and an undertaking to review affected processes (2016).
- LPL's systems and supervisory procedures relating to the format in which certain electronic records were retained, resulting in a censure and a fine of \$750,000 (2016).

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



- LPL's supervision of electronic signature practices at an LPL branch office in Massachusetts, resulting in a fine of \$250,000 and an undertaking to conduct an internal review of certain related policies and procedures (Massachusetts or "MA", 2023)
- LPL's supervision of an LPL broker-dealer/investment adviser agent's sales of structured products, resulting in a censure, an offer of restitution to impacted clients, and a fine of \$125,000 (Texas, 2022).
- LPL's supervision of two LPL broker-dealer and/or investment adviser agents who pled guilty to charges of fraudulent practices with LPL customers, resulting in a cease and desist order, a fine of \$350,000 and a \$150,000 contribution for financial literacy and investor education initiatives, training and related materials (Connecticut, 2021).
- LPL's supervision of an LPL representative under a heightened supervision plan, resulting in a cease and desist order; a fine of \$275,000; payments of restitution, disgorgement and investigative costs; and offers of payment of surrender charges in connection with variable annuity contracts for impacted customers (New Hampshire or "NH", 2020).
- LPL's failure to timely register (or maintain the registration of) certain agents in MA and failure to amend Forms U4 and U5 for certain agents registered in MA, resulting in a censure, a fine of \$1,100,000, and an undertaking to review and enhance its policies and procedures related to registering its agents in MA and filing reportable events (MA, 2019).
- LPL's brokerage supervisory procedures relating to email review and annual branch office examinations, resulting in a civil penalty of \$450,000 and an undertaking for third-party review of related processes (Indiana, 2018).
- The sale of unregistered, non-exempt securities in violation of state registration requirements, resulting (upon entry of the individual consent order) in payment to each participating state or jurisdiction of a civil penalty of \$499,000, reimbursement of certain investigative expenses, remediation through repurchase of certain securities and payment of losses to certain affected customers, and certain additional undertakings (Settlement with up to 53 members of the North American Securities Administrators Association (NASAA), 2018).
- The sale of non-traded alternative investments in excess of prospectus standards or LPL's internal guidelines and the maintenance of related books and records, resulting in a censure, a fine of \$950,000, a \$25,000 contribution to an investor education fund and remediation of losses to impacted customers (New Jersey, 2017).
- LPL's supervisory practices for LPL representatives located on the premises of a credit union, resulting in a censure, a fine of \$1,000,000, and an undertaking to avoid investor confusion specific to the name under which the credit union does business and review LPL's related policies and procedures (MA, 2017).
- LPL's oversight of certain VA transactions, resulting in a censure, a fine of \$975,000, restitution to clients and former clients of an LPL representative, disgorgement of commissions retained by LPL in connection with such representative's VA sales, and an undertaking to review such representative's brokerage and advisory activities and LPL's related policies and procedures (MA, 2017).

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

## Item 10: Other Financial Industry Activities and Affiliations

LPL is a broker-dealer registered with FINRA and the SEC. As a broker-dealer, LPL transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, variable universal life insurance products, real estate investment trusts and other investment products. LPL is registered to operate in all 50 states and has primarily an independent-contractor sales force of registered representatives and IARs dispersed throughout the United States. LPL has a dedicated team of employee IARs in its



offices who service certain accounts, and also a small subset of IARs who operate their own offices or are located on the premises of certain financial institutions and are employees of LPL Employee Services, LLC, an LPL-affiliated company. IARs may be registered representatives of LPL. LPL is also registered as an introducing broker with the Commodity Futures Trading Commission. In addition, LPL is qualified to sell insurance products in all 50 states.

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

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

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

IARs are permitted to engage in certain LPL-approved business activities other than the provision of brokerage and advisory services through LPL, and in certain cases, an IAR could receive greater compensation through the outside business than through LPL. An IAR could also be an accountant, real estate agent, tax preparer, lawyer or refer customers to other service providers and receive referral fees, for example. As other examples, an IAR could provide advisory or financial planning and consulting services through an independent unaffiliated investment advisory firm, sell insurance, or provide third-party administration to retirement plans through a separate firm. If an IAR provides investment services to a retirement plan as a representative of LPL 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. If you engage with an IAR for services separate from LPL, you may wish to discuss with him or her any questions you have about the compensation he or she receives from the engagement.

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

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



compensation (including trailing compensation), benefits and non-cash compensation through the third-party insurance agency and may have an incentive to recommend you purchase or sell insurance products with the independent agency.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **Code of Ethics and Personal Trading**

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

#### **Participation or Interest in Client Transactions**

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

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

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

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

It is important to note that clients are under no obligation to implement recommendations received pursuant to a financial plan or consulting services through LPL. Clients should understand that the investment products, securities,



and services that an IAR recommends as part of financial planning and consulting services are available to be purchased through broker-dealers, investment advisors or other investment firms not affiliated with LPL.

A portion of the fee to the IAR is, in certain circumstances, paid by the IAR to his or her LPL branch manager or another LPL representative for supervision or administrative support. There is a conflict of interest when a branch manager receives a portion of this fee for supervision because the fee affects his or her ability to provide objective supervision of the IAR.

### **Collateralized Lending Program**

For eligible programs, LPL helps facilitate clients' access to non-purpose lines of credit collateralized by their investment accounts through its collateralized lending program. Because of LPL's interest as a lender for clients borrowing through the Secured Credit Account (SCA) product and its arrangements with the partner banks participating in the program, clients may be limited in their ability to negotiate the most favorable loan terms. Clients are not required to use the SCA product or the banks in LPL's program, and can work directly with non-partner banks to negotiate loan terms or obtain other, potentially more favorable, financing arrangements. If a client obtains a loan from a non-partner bank, they should notify their IAR of the amount of the line of credit. Clients should understand that the interest and additional fees paid to the lender, whether LPL, a partner bank or a non-partner bank, in connection with the loan are separate from and in addition to the advisory fees the client pays LPL for its advisory services on the account.

For the SCA product, LPL receives all interest and fees as the lender based on the outstanding loan amount. Interest and fee amounts can vary in accordance with market conditions and are subject to the loan agreement, documentation and fee schedules provided by LPL. For partner bank loans, LPL receives third party compensation from partner banks based on the amount of outstanding loans. Compensation can be up to 0.75% of the outstanding loan amount. This compensation to LPL varies, and, therefore, LPL can earn more or less depending on the bank selected by the client. The receipt of compensation poses a conflict of interest to LPL because LPL has the largest financial incentive for the client to select the SCA product, and if a client selects a bank in the program instead, LPL has a financial incentive for the customer to select a participating bank that pays LPL more than other participating banks. For partner banks, LPL does not share this compensation with its IARs, and therefore, an IAR does not have a direct financial incentive if one bank is selected over another. For the SCA product, LPL does share compensation with its IARs, and therefore, an IAR has a financial incentive for clients specifically to choose the SCA product over any partner or non-partner bank loan. Your IAR's compensation on the SCA product is reduced if your interest rate is discounted, so your IAR has an incentive not to request your interest rate be discounted below a certain level or at all. Neither LPL nor your IAR receive loan-based compensation if you borrow through a non-partner bank. LPL and its IARs have an interest in continuing to receive investment advisory fees, which gives LPL and its IARs an incentive to recommend that clients borrow money rather than liquidate some of their assets managed by LPL and the IAR. This incentive creates a conflict of interest for LPL and its IARs when advising clients seeking to access funds on whether they should liquidate assets or instead hold their securities investments and utilize a line of credit secured by assets in their account. Because LPL and its IARs are compensated primarily through advisory fees paid on clients' accounts, LPL and its IARs also have an interest in managing an account serving as collateral for a loan in a manner that will preserve sufficient collateral value to support the loan and avoid a maintenance call. This presents a conflict of interest with clients because it could incentivize LPL's IARs to invest in more conservative, lower performing investments to maintain the stability of the account, or alternatively, could incentivize the IAR to invest in more aggressive assets to achieve returns higher than loan interest and costs. For additional disclosures regarding LPL's collateralized lending program, including a list of the banks currently participating in the program, please visit [lpl.com/disclosures.html](http://lpl.com/disclosures.html), click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then both "Secured Credit Account Disclosures" and "Third Party Compensation and Related Conflicts of Interest."

### **Credit Cards**

As part of its cash management services, LPL makes available for its customers credit cards through a partner bank. LPL receives a flat fee for each new activated credit card that is used by the cardholder in the first 90 days. LPL also



receives a portion of the transaction volume of the cardholder's account. LPL's portion of the transaction volume varies depending on the number of LPL active cardholder accounts.

### Rollovers

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

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

### IRA to IRA Transfers

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

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

### IPA Program – OMSP Fees

In certain cases, clients are required to designate an OMSP to participate in the IPA program. When this applies, up to 0.40% of the advisory fee is paid to the OMSP and LPL for servicing and oversight support. This may increase the overall fee charged by the IAR compared to arrangements without an OMSP and results in a conflict of interest because LPL receives additional compensation when an OMSP is involved. However, this conflict is mitigated insofar as LPL does not share this compensation with the IAR recommending the program, and the IAR may only



recommend a program or service that he or she believes is suitable and in the best interest of a client in accordance with the applicable standards under the Advisers Act or other applicable law.

### **OPA Program – Mutual Fund and Recordkeeping Serving Fees**

LPL charges mutual fund sponsors a one-time setup fee up to \$15,000 as a sponsor level due diligence fee and a setup fee of \$7,500 per fund. Additionally, Client should be aware that mutual funds offered under OPA typically charge fees such as subtransfer agent fees, networking fees and omnibus processing fees, a portion of which are received by LPL for recordkeeping and other administrative services it provides to the mutual fund sponsors, and which varies among the available mutual funds. The amount of such fees is described in the mutual fund's prospectus under fund expenses and is also reflected on the fund's financial statements. The mutual fund sponsors typically compensate LPL for the administrative services it provides based on client assets invested in the sponsor's mutual funds at an annual rate of up to 0.15% for individual plans (e.g., SEPs, SIMPLEs, etc.) and up to 0.25% for group plans (e.g., 403b, 457, etc.). Client should understand that the share class offered for a particular mutual fund through OPA in many cases will not be the least expensive share class that the mutual fund makes available. As a result, LPL will not achieve best execution for purchases of share classes that are more expensive because the recordkeeping and other expenses make it a more expensive share class than Client otherwise would be eligible to purchase had LPL chosen to make that share class available. Client understands that another financial services firm may offer the same mutual fund at a lower overall cost to the investor than is available through OPA. These compensation arrangements with mutual funds sponsors result in a conflict of interest between clients and LPL because they give LPL an incentive to recommend investments that may result in higher compensation for certain mutual funds than others and could cause lower performance for client accounts. However, these conflicts are mitigated insofar as the fees LPL receives from mutual fund sponsors are not shared with the IAR who selects or recommends the investment products for client.

### **TAMP Investment Advisory – Members Trust**

Pursuant to networking agreements with TruStage Wealth Management Solutions, a marketing name of CUNA Brokerage Services, Inc. ("CBSI") and various credit unions, LPL offers its investment programs through IARs who are also employees of CMFG Life Insurance Company ("CMFG") or the associated credit unions, and CBSI shares in a portion of the revenue generated at these credit unions. As disclosed above, LPL provides access to Members Trust Company ("MTC") as a TAMP sponsor in the TAMP Program. CMFG, an affiliate of CBSI, holds a minority ownership interest in MTC, and, at the time of this brochure's publication, has associated person(s) serving on the MTC Board of Directors. IARs who are employees of CMFG or its affiliates have a conflict of interest in recommending MTC as a TAMP sponsor because of the financial benefit to CBSI. Further, certain credit unions are also partial owners of MTC – including without limitation at the time of this publication, CEFCU, SchoolsFirst Credit Union, Suncoast Credit Union and Teachers Credit Union – and their employee IARs thus also have a conflict of interest due to the ownership interests and discretionary compensation these credit unions indirectly receive from MTC to assist with funding their operations. However, these IARs do not receive any individual incentives to recommend MTC over other TAMPs, and LPL receives no additional benefit.

### **Other Clients**

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



## Item 12: Brokerage Practices

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

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

For customized advisory services, IARs may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. For partially filled orders, the IAR generally will allocate trades pro-rata or on a random basis to treat clients fairly and not favor one client over another. IARs may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities and the discretionary or non-discretionary nature of the trades. If IARs do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money. Please ask your IAR if you would like more information on the IAR's practices in this respect.

## Item 13: Review of Accounts

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

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

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

For customized advisory services, IARs review client accounts on an ongoing basis to provide management services. IARs review monthly or quarterly account statements provided by the custodian. In addition, LPL reviews accounts using risk based criteria such as performance, trading activity, and concentration. The Advisory Chief Compliance Officer of LPL oversees the process for reviewing customized accounts. To the extent LPL acts as broker-dealer and has custody of assets in a customized program account, LPL will transmit to clients required trade confirmations and monthly or quarterly account statements. Such statements show all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month or quarter depending upon activity.



## Item 14: Client Referrals and Other Compensation

### Other Compensation

LPL, LPL employees and IARs receive additional compensation, business entertainment and gifts from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation includes such items as gifts valued at less than \$300 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, customer appreciation events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors also pay for, or reimburse LPL for the costs associated with, education or training events that are attended by LPL employees and IARs and for LPL-sponsored conferences and events. For example, LPL receives marketing and educational support payments of up to \$260,000 annually from recordkeepers and retirement plan product sponsors for access to data analytics, and to participate and present at LPL education and training events for IARs. Any such support payments are not tied to the sales of any products or client assets in the products. IARs do not receive any portion of these payments. LPL, LPL employees and IARs also receive reimbursement from product sponsors for technology-related costs, such as those to build systems, tools and new features to aid in serving customers. For a current and complete list of the product sponsors that pay such marketing and educational support payments, please see [lpl.com/disclosures.html](http://lpl.com/disclosures.html) or ask your IAR.

LPL receives compensation from certain third-party vendors, including technology providers and affinity partners, in connection with conferences, educational events, and similar programs made available to IARs. These arrangements may include sponsorship fees, booth or exhibition fees, payments or participation in breakout sessions or presentations, revenue-sharing arrangements, and other forms of compensation. In exchange for such compensation, vendors may receive opportunities to promote their products or services to IARs, including conference recognition, exhibit space, participation in educational sessions, access to attendee information (which does not include email addresses), and other marketing or promotional benefits. These arrangements create a conflict of interest because LPL has a financial incentive to feature, promote, or make available certain vendors or service providers over others. IARs are not required to use any particular vendor, and participation in or exposure to vendor-sponsored events does not constitute an endorsement of the vendor or its products or services by LPL.

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

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

LPL has entered into solicitor referral agreements with certain TAMP sponsors listed under Item 4 "Third Party Asset management Program" pursuant to which LPL and IARs receive referral fees from the TAMP sponsors in return for referring clients. Referrals to TAMP sponsors are subject to restrictions imposed by LPL. Because LPL is engaged by and paid by the TAMP sponsor for the referral, any recommendation of a TAMP sponsor as part of a referral presents a conflict of interest. LPL addresses this conflict by disclosing the role of LPL and IAR, and the referral fee we receive, when making a referral. For more information regarding these arrangements, see Item 4 above.



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

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

### Client Referrals

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

- **Referral Networks.** Some third parties operate referral networks. Referral networks may present potential clients with a list of possible investing firms and investment adviser representatives, or may direct potential clients specifically only to LPL and its IARs. Some referral networks receive a flat fee per referral and/or an ongoing fee, while others share a portion of the ongoing advisory fee;
- **Professional Cross Referrals.** Some IARs have relationships with other professionals, such as accountants, lawyers, or tax advisors, in which the professionals refer clients to IARs and in exchange the IARs refer clients to the professionals for their services. The cross-referral arrangement is a quid pro quo relationship that can give rise to similar conflicts as compensated referrals;
- **Client Referral Awards.** Investment advisory clients of LPL's IARs refer new advisory clients to their IARs. Sometimes, in connection with these referrals, IARs pay their clients one-time, non-cash gifts like gift cards or tickets to events for the clients referring to them new advisory clients;
- **Unaffiliated Financial Institutions.** LPL and its IARs offer advisory services on the premises of unaffiliated financial institutions, like banks or credit unions. These financial institutions refer clients to LPL. See more about LPL's relationship with financial institutions under "Unaffiliated Financial Institutions" below; and
- **Other Arrangements.** LPL and its IARs may enter into other arrangements in the future that provide for compensation similar to one or more of the types of arrangements described above.

Depending on the solicitor's arrangement with LPL, a solicitor may not be compensated for referring a client who opens a brokerage account rather than an advisory account, and as a result may encourage the client to open an advisory account instead of a brokerage account. Solicitation arrangements give rise to material conflicts of interest because the referring party has a financial incentive to introduce new investment advisory clients to LPL and its IARs. Solicitors may also have other conflicts of interest with respect to a particular IAR or may be associated with LPL in another way. Clients who are introduced to LPL and its IARs through a solicitation arrangement receive specific



disclosures at the time of the introduction. If you receive such disclosures, you should review them carefully to understand the details of LPL's arrangements with the person introducing you to LPL. LPL's participation in these referral arrangements does not diminish its fiduciary obligations to its clients.

### Conflicts Related to LPL Compensation to IAR

The IAR recommending an advisory service receives compensation from LPL. In most cases, LPL has a compensation arrangement directly with the IAR. (In certain cases, LPL has entered into an agreement with a financial institution offering LPL's advisory services on its bank or credit union premises, as described further below.) LPL typically compensates IARs pursuant to an independent contractor agreement, and not as an employee. This compensation includes a portion of the advisory fee and, such portion received by IAR may be more than what IAR would receive at another investment advisor firm. All compensation paid to the IAR will be the sole responsibility of LPL and is payable by LPL out of the investment advisory fee clients pay to LPL.

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

Such compensation includes other types of compensation, such as bonuses, awards or other things of value offered by LPL to the IAR. In particular, LPL pays its IARs in different ways, for example:

- payments based on production
- equity awards from LPL's parent company, LPL Financial Holdings Inc., consisting of awards of either restricted stock units (a promise to deliver stock in the future) or stock options to purchase stock, in each case subject to satisfaction of vesting and other conditions
- reimbursement or credits of fees that IARs pay to LPL for items such as administrative services, or technology fees
- free or reduced-cost marketing materials
- payments in connection with the transition of association from another broker-dealer or investment advisor firm to LPL
- payments in the form of repayable or forgivable loans
- advances of advisory fees
- attendance at LPL conferences and events.

Some of these forms of compensation, particularly equity awards of LPL Financial Holdings Inc., give IARs a financial interest in the success of LPL. IARs who have a financial interest in the success of LPL have an incentive to recommend investments that are more profitable for LPL, regardless of whether the IARs share in that compensation directly.

Note that LPL has a dedicated team of employee IARs in its offices who service certain accounts, and also a small subset of IARs who operate their own offices or are located on the premises of certain financial institutions and are employees of LPL Employee Services, LLC, an LPL-affiliated company. In such cases, the IARs are compensated as employees, and such compensation can include a salary, bonus and other things of value as set out above.

LPL also charges IARs various fees under its independent contractor agreement, for example, for administrative, custody and clearing services to accounts, technology, and licensing. In certain cases, LPL pays IARs this compensation, and charges IARs these fees, based on the IAR's overall business production and/or on the amount of assets serviced in LPL



advisory relationships. When compensation or fees charged is based on the level of production or advisory assets of an IAR, the IAR has a financial incentive to meet those production or asset levels. The amount of this compensation from LPL could be more, and the amount of these fees charged by LPL could be less, than what the IAR would receive, or pay, if he or she associated with another investment advisor firm. The level of compensation and costs is an incentive for an IAR to become associated with LPL over another investment advisor firm. This compensation the IAR receives from LPL could be more than if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage, and other client services, and likewise, the fees that IAR pays to LPL could be less for one program than other programs or services. In such cases, the IAR has a financial incentive to recommend advisory services in that program over other programs and services. Although the IAR may factor in the fees charged to them by LPL in the overall advisory fee negotiated by the client, IAR can still earn more for offering one program at a lower overall fee rate than the fee rate for a program offering a third-party manager. However, IAR may only recommend a program or service that he or she believes is suitable and in the best interest of a client in accordance with the applicable standards under the Advisers Act or other applicable law.

LPL also provides various benefits and/or payments to IARs that are newly associated with LPL to assist the IAR with the costs (including foregone revenues during account transition) associated with transitioning his or her business to LPL (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the IAR's business, satisfying any outstanding debt owed to the IAR's prior firm, offsetting account transfer fees (ACATs) as a result of the IAR's clients transitioning to LPL's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments is often significant in relation to the overall revenue earned or compensation received by the IAR at his or her prior firm. Such payments are generally based on the size of the IAR's business established at his or her prior firm, for example, a percentage of the revenue earned or eligible assets serviced by the IAR at the prior firm, and, in certain cases, on the amount of the IAR's client assets that are transferred to LPL above an agreed-upon threshold. These payments are generally in the form of payments or loans to the new LPL IAR with favorable interest rate terms as permitted under applicable law, which are paid by LPL or forgiven by LPL based on years of service with LPL (e.g., if the IAR remains with LPL for 5 years) and/or the scope of business engaged in with LPL. LPL does not verify that any payments made are actually used for such transition costs.

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

The receipt of Transition Assistance or Operational Assistance creates a conflict of interest in that an IAR has a financial incentive to recommend that a client open and maintain an account with the IAR and LPL for advisory, brokerage and/or custody services, and to recommend switching investment products or services where a client's current investment options are either not available through LPL or are maintained through a third-party investment program, in order to receive the Transition Assistance or Operational Assistance benefit or payment, and in cases of businesses not supported by LPL, to further recommend that a client's current holdings be reinvested in a program offering LPL does support. LPL and its IARs attempt to mitigate these conflicts of interest by evaluating and recommending that clients use LPL's services based on the benefits that such services provide to clients, rather than the Transition Assistance or Operational Assistance earned by any particular IAR. However, clients should be aware of this conflict and take it into consideration in making a decision whether to establish or maintain a relationship with LPL, or to transfer an existing third-party investment program account to LPL. If LPL makes a payment or loan to a



new or existing IAR, there is also a conflict of interest because LPL's interest in collecting on the payment or loan affects its ability to objectively supervise the IAR.

### Unaffiliated Financial Institutions

LPL and its IARs offer advisory services on the premises of unaffiliated businesses, including insurance companies, employee benefit companies, and financial institutions, such as banks or credit unions. When services are offered in a bank or credit union, the advisory services are offered by LPL 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.

LPL has entered into agreements with financial institutions pursuant to which LPL typically shares compensation, including a portion of the advisory fee, with the financial institution for benefits including but not limited to the use of the financial institution's facilities and for client referrals. Instead of paying the IAR the portion of the advisory fee as described above, LPL shares the advisory fee with the financial institution, and the financial institution pays part of that amount to the IAR based on a compensation plan between the IAR and the financial institution. The financial institution establishes the compensation plan for the IAR, which is subject to approval by LPL. The compensation plan determines how the IAR's compensation is structured. The compensation plan determines the amount of compensation the IAR receives. IARs will have a financial incentive to recommend a particular service or product if under the compensation plan the recommended product will result in more compensation to the IAR than another product or service, including advisory versus brokerage services. If an IAR is recommending an advisory program or service, he or she must believe that the program or service is suitable and in the best interests of the client in accordance with the applicable standards under the Advisers Act. LPL also has agreements to provide similar services at financial institutions in which compensation is not shared with the financial institution whereby a portion of the account fee is paid directly to the IAR.

If IAR is an employee of the financial institution where it provides services to program accounts, LPL typically shares with the financial institution between 75% to 100% of the account fee, after LPL retains its portion of the account fee for its administrative services. IAR (an employee of the financial institution) will be compensated (e.g. in the form of salary, bonus, commissions, etc.) by the financial institution based on the specific agreement and/or compensation plan between the financial institution and the IAR. If IAR is not an employee of the financial institution where it provides services to program accounts, LPL typically shares directly with IAR, after deduction of LPL's portion, between 25% to 100% of the account fee, and with the financial institution between 0% to 75%. All compensation paid to IAR or the financial institution will be the sole responsibility of LPL, and will not result in any increase in the account fees pay to LPL.

Some of these financial institutions may be affiliated with investment product sponsors (such as mutual fund sponsors) or offer certificates of deposit. An IAR located on the premises of a financial institution has a potential conflict of interest when IAR encourages clients to invest in that financial institution's certificates of deposit or proprietary investment products, such as mutual funds and structured products. When an affiliated investment product is selected for an account, the financial institution receives a portion of the account fee paid by the client pursuant to the agreement between LPL and the financial institution and its affiliate receives fees from the affiliated investment product. Because affiliates of the financial institution earn fees and other benefits from the affiliated product, the financial institution has an incentive to select its affiliated products based on the compensation and benefits its affiliates receive rather than on a client's needs. In addition, because mutual funds benefit from scale, the financial institution and its affiliated companies have an interest in the mutual funds gaining greater assets.

Certain financial institutions provide credits for affiliated investment products. We update this information from time to time on [lpl.com/disclosures.html](http://lpl.com/disclosures.html). For more information, click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then "Third Party Compensation and Related Conflicts of Interest."

Note that the IAR does not receive additional compensation from the financial institution for selecting affiliated products and the IAR may only recommend an investment product that he or she believes is appropriate, suitable and



in the best interest of the clients. LPL reviews and selects investment products for its programs and LPL may elect to remove or replace an investment product. There is a conflict of interest because the business relationship between LPL and the financial institution could affect LPL's ability to objectively select and determine whether to continue to maintain these investment products in a program. However, LPL only approves investment products that it determines are suitable and in the best interests of clients using the program, depending on clients' investment objective and risk tolerance.

LPL also provides other forms of compensation to financial institutions, such as bonuses, awards or other things of value offered by LPL to the financial institution. For example, LPL pays financial institutions based on production, in the form of repayable or forgivable loans, reimbursement of fees that LPL charges for items such as administrative services, and other things of value such as free or reduced-cost marketing materials, transition assistance for changing association from another broker-dealer or investment advisor firm to LPL, advances of advisory fees, and/or attendance at LPL's national conference or top producer forums and events. LPL pays this compensation based on overall business production and/or on the amount of assets serviced in LPL advisory programs. Financial institutions are also eligible to receive Operational Assistance (as defined above) from LPL to assist with offsetting time and expense in coordinating transfers of client accounts from third party investment platforms to LPL's platform. The compensation is typically calculated and payable to the financial institution as a percentage of assets transferred to LPL up to 0.15%, but in some cases may be a flat-dollar amount per transferred account with a maximum of up to \$350 per account. The amount of this compensation may be more than what the financial institution would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage, and other client services. As a result, the financial institution and IAR have a financial incentive for the IAR to recommend the program account and services that will result in the greatest compensation to the financial institution and IAR. If LPL makes a loan to a new or existing financial institution, there is also a conflict of interest because LPL's interest in collecting on the loan affects its ability to objectively supervise an IAR at that financial institution.

In addition, financial institution employees who are not associated with LPL often refer prospective customers of the financial institution to IARs working in the financial institutions. Those employees frequently receive a nominal referral fee from the financial institution (typically up to \$25) as compensation for each referral and such referral programs are governed by Regulation R of the Gramm-Leach-Bliley Act.

Employees of trust departments at certain financial institutions are authorized under the terms of applicable trust arrangements to delegate investment advisory responsibility to LPL and to receive a portion of the compensation earned in connection with investment advisory services provided to these accounts through LPL. These amounts are negotiated and vary but often amount to a significant portion of the total fees paid for investment advisory services.

### **Ownership Interest in Doing-Business-As (DBA) Entities**

Some IARs operate through independent practices with a separate Doing-Business-As (or "DBA") designation. In some cases, LPL may partially or wholly own such practices, and have a financial interest in the business success of the DBA as a whole, or in a particular element of the DBA via specific ownership interests in its brokerage, advisory, insurance, or other financial services business (or any combination thereof). Clients should ask their IAR about the extent to which LPL has a financial interest in their practice.

## **Item 15: Custody**

For TAMP programs, 529 Savings Plan Account Management services and generally for customized advisory services, client assets are maintained at a custodian other than LPL. In such case, the client will complete account paperwork with the outside custodian that will provide the name and address of the custodian. The client will receive statements and reports directly from the custodian, rather than from LPL. Clients should refer to the statements and reports that they receive from the custodian or TAMP sponsor. Clients should review these statements and reports carefully.



For BWP, IPA, OPA and other custom advice services, client's assets are typically maintained at a custodian other than LPL. For example, IARs may provide management services under the IPA program for participant self-directed retirement plan accounts custodied at Charles Schwab or TIAA-CREF. The retirement plan sponsor (e.g., the client's employer) or the client is responsible for selecting the custodian for retirement plan assets to the extent permitted by the plan.

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

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

### Item 16: Investment Discretion

With respect to financial planning and consulting services, LPL and the IAR do not have any discretionary investment authority, and do not implement or monitor any recommendations provided to clients. For services under the IPA or OPA program, the IAR typically is granted investment discretion in the advisory agreement. For customized advisory services, the IAR may provide management services on a discretionary or non-discretionary basis as stated in the client agreement. For its overlay portfolio management services, LPL has discretion to trade accounts based on investment models, and to manage accounts according to investment restrictions and tax efficient strategies. For LPL's Manager Select, Manager Access Select, Personal Wealth Portfolios, Optimum Market Portfolios, Model Wealth Portfolios and Guided Wealth Portfolios programs, which are described in separate disclosure brochures, LPL has discretionary investment authority. For the Strategic Asset Management program, discretion is typically limited to certain security types, but the client can agree to expand or limit the discretionary authority granted to LPL and IAR.

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

For 529 Savings Plan Account Management advisory services, the client typically grants IAR and LPL complete and unlimited discretionary trading authority with respect to the purchase and sale of the available investment options within the client's account.

### Item 17: Voting Client Securities

LPL does not accept authority to vote client securities in connection with any of the services described in this Brochure. LPL does accept authority to vote client securities in connection with certain of its advisory programs. Please see the brochure for each program for more information.



## Item 18: Financial Information

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

## Brochure Supplements

Accompanying this Brochure are Brochure Supplements for individual employees or officers of LPL. Note that although these individuals are responsible for investment advice provided by LPL, and may meet with clients from time to time, they are not the IARs responsible for the individualized investment advice provided to a particular client. For more information about the IAR servicing the client, client should refer to the Brochure Supplement for the IAR, which should have been provided by the IAR along with this Brochure at the time client opened the account. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lpfinancial.adv@lpfinancial.com](mailto:lpfinancial.adv@lpfinancial.com).



# Brochure Supplements

July 1, 2026

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**Marc Andrew Zabicki**  
**Garrett Fish**  
**Jason Hoody**  
**Kristian Kerr**  
**Jeffrey Roach**

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

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**George Smith**

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(858) 450-9606

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

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



## Marc Andrew Zabicki

### Educational Background and Business Experience

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

### Disciplinary Information

None.

### Other Business Activities

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

### Additional Compensation

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

### Supervision

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

## Garrett Fish

### Educational Background and Business Experience

Garrett Fish was born in 1969. He has a BA in Japanese History from Bates College and is a CFA Charterholder. He is a Senior Vice President and Head of Model Portfolio Management at LPL and joined LPL in 2022. Prior to joining LPL, Mr. Fish was a Portfolio Manager at JPMorgan Asset Management.

### Disciplinary Information

None.

### Other Business Activities

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

### Additional Compensation

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

### Supervision

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



## Jason Hoody

### Educational Background and Business Experience

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

### Disciplinary Information

None.

### Other Business Activities

None.

### Additional Compensation

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

### Supervision

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

## Kristian Kerr

### Educational Background and Business Experience

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

### Disciplinary Information

None.

### Other Business Activities

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

### Additional Compensation

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

### Supervision

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



## Jeffrey Roach

### Educational Background and Business Experience

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

### Disciplinary Information

None.

### Other Business Activities

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

### Additional Compensation

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

### Supervision

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

## Adam Turnquist

### Educational Background and Business Experience

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

### Disciplinary Information

None.

### Other Business Activities

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

### Additional Compensation

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

### Supervision

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



## Lawrence Dean Gillum

### Educational Background and Business Experience

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

### Disciplinary Information

None.

### Other Business Activities

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

### Additional Compensation

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

### Supervision

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

## Jina Yoon

### Educational Background and Business Experience

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

### Disciplinary Information

None.

### Other Business Activities

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

### Additional Compensation

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

### Supervision

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



## Thomas Shipp

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

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

### **Disciplinary Information**

None.

### **Other Business Activities**

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

### **Additional Compensation**

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

### **Supervision**

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

## Craig Brown

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

Craig Brown was born in 1988. He has a dual BS in Economics and Information Analysis from James Madison University and a MAIS in Computational Social Science from George Mason University. He is a Vice President and Head of Quant Strategy at LPL and joined LPL in 2021. Prior to joining LPL, Mr. Brown was a Senior Associate in Investment Analytics and Data at Dimensional Fund Advisors.

### **Disciplinary Information**

None.

### **Other Business Activities**

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

### **Additional Compensation**

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

### **Supervision**

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



## Scott Froidl

### Educational Background and Business Experience

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

### Disciplinary Information

None.

### Other Business Activities

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

### Additional Compensation

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

### Supervision

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

## Jeffrey Alan Buchbinder

### Educational Background and Business Experience

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

### Disciplinary Information

None.

### Other Business Activities

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

### Additional Compensation

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

### Supervision

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



## George Smith

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

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

### **Disciplinary Information**

None.

### **Other Business Activities**

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

### **Additional Compensation**

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

### **Supervision**

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

