

# PERSONAL WEALTH PORTFOLIOS (PWP)

## PROGRAM BROCHURE

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

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

### ITEM 1 COVER PAGE

### ITEM 2 MATERIAL CHANGES

The following is a summary of certain changes made to this Brochure from the time of the most recent annual update dated March 31, 2023. Item 4 was updated to reflect that the Manager Fee may include a licensing fee of up to 0.02% payable to market index providers. Item 6 was updated to provide information about a conflict of interest LPL faces when recommending investment products that follow a similar investment strategy. Item 9 was updated to provide information regarding disciplinary events, involving (i) FINRA sanctions in connection with LPL's supervisory systems and procedures relating to transmittal of customer funds by wire or check to third parties; (ii) a settlement with the Massachusetts Securities Division in connection with LPL's supervision of electronic signature practices at an LPL branch office in Massachusetts; and (iii) FINRA sanctions in connection with 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. Item 9 was also updated to disclose that LPL Enterprise, LLC ("LPLE"), a registered broker-dealer and related person of LPL, is expected to become a registered investment adviser in 2024, and certain LPLE clients will invest in LPL-sponsored and -custodied advisory programs.

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### ITEM 4 SERVICES, FEES AND COMPENSATION

#### Services

LPL offers various types of advisory services and programs, including wrap fee programs, mutual fund asset allocation programs, advisory programs offered by third party investment advisor firms, financial planning services, an advisor-enhanced digital



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advice program, and retirement plan consulting services. This Brochure provides a description of the advisory services offered under LPL's Personal Wealth Portfolios ("PWP") program. For more information about LPL's advisory services and programs other than PWP, please contact your LPL investment advisor representative ("IAR") for a copy of a similar brochure that describes such service or 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. 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.

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, an IAR is 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.

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

The IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the program and assists the client in setting an appropriate investment objective. The IAR selects a Portfolio based on client's investment objective and then selects among the mutual funds, ETFs and/ or Models available in the Portfolio. The PWP program also permits clients to select a third party investment advisor firm typically associated with an LPL registered representative, in lieu of an IAR, to provide the advisory services described in this brochure.

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

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



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Except as described below for Muni Models, the role of the PWP Advisors is limited to submitting Models to LPL, who has discretion as OPM for trade execution. However, if a Portfolio is selected that includes a Muni Model, the PWP Advisor for that Model will have discretionary trading authority with respect to the purchase and sale of fixed income securities for the portion of the account invested according to the Muni Model ("Muni Sleeve"). Although the PWP Advisor has discretion over the Muni Sleeve, LPL has ultimate discretion over the entire account and may exercise discretion over securities in the Muni Sleeve (e.g., to rebalance the Account or to liquidate securities for withdrawal requests). LPL may appoint from time to time other PWP Advisors to take discretion over a portion of the account managed according to that PWP Advisor's Model.

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

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

### Fee Schedule

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

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

LPL retains a portion of the Advisory Fee, up to 0.675% of the value of the account for its administrative, custody and clearing services, and the portfolio design services of LPL Research. LPL shares up to 100% (typically between 90% and 100%) of the remaining portion of the Advisory Fee with the IAR based on the agreement between LPL and the IAR. LPL retains any portion of the Advisory Fee not shared with the IAR. A portion of the fee payable to the IAR may be 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 the Account Fee for supervision because the fee affects his or her ability to provide objective supervision of the IAR.

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

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



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

The portion of the Manager Fee paid to the PWP Advisors varies by asset class and investment strategy, and ranges from 0.15% to 0.60% of the value of the account. To the extent that fee rates charged by PWP Advisors within the same asset class vary, an IAR can have a financial incentive, prior to the change in Account Fee structure described above, to select one PWP Advisor over another because the IAR could retain a greater portion of the Account Fee.

### How the Account Fee is Charged

LPL deducts the Account Fee and other fees and charges associated with a PWP account from the account. LPL pays the applicable portion of the Account Fee to the PWP Advisors whose models are selected for the account. LPL calculates and deducts the Account Fee in the method described in the Account Agreement, unless other arrangements are made in writing. If a client wishes to be billed for the Account Fee, rather than a deduction directly from the account, the client needs to make a request to LPL through the IAR.

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

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

### Other Types of Fees and Expenses of LPL

In addition to the Account Fee, clients also pay LPL other additional miscellaneous administrative or custodial-related fees and charges that apply to a PWP account. LPL notifies clients of these charges at account opening and makes available a current list of these charges on its website at [lpl.com/disclosures.html](http://lpl.com/disclosures.html). These fees include retirement account fees and termination fees, including, for example, a fee for loans processed for qualified retirement plan and 403(b)(7) plan accounts and an account termination fee for processing a full account transfer to another financial institution. These miscellaneous fees are not directly based on the costs of the transaction or service by LPL, often include a profit to LPL, and certain of the fees will be lowered or waived for certain clients.

Clients do not pay LPL or IARs brokerage commissions, markups or transaction charges for execution of transactions in addition to the Account Fee. For more information, see below under "Additional Information – Brokerage Practices."

### Fees Charged by Third Parties

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



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

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

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

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

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

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

Clients also incur charges imposed by third parties or LPL in connection with investments made through their accounts, including, but not limited to, taxes and charges required by law or imposed by exchanges or regulatory bodies. For example, an industry-wide charge mandated by a regulator applies to sales of certain securities. The amount of this regulatory fee may vary over time, and because variations might not be immediately known to LPL, the amount may be estimated and assessed in



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advance. To the extent that such estimated amount differs from the actual amount of the regulatory fee, LPL retains the excess. These charges will be reflected on transaction confirmations and/or periodic statements.

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

- The Account Fee is an ongoing fee for investment advisory services, the execution of transactions and other administrative and custodial services. The Account Fee may cost the client more than purchasing the program services separately, for example, paying a separate advisory fee for each of the services of LPL, IAR and the PWP Advisor, plus commissions or transaction charges to a broker-dealer for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the:
  - type and size of the account
  - type and number of securities in the Portfolio (whether equities, fixed income securities, mutual funds or ETFs)
  - historical and or expected size or number of trades for the account, and
  - number and range of supplementary advisory and client-related services provided to the client.
- The Account Fee may be higher than the fees charged by other investment advisors for similar services. This is the case in particular if the Account Fee is at or near the maximum Account Fee set out above. The IAR is responsible for determining the Advisory Fee to charge each client based on factors such as total amount of assets involved in the relationship, type of securities to be held in the account (e.g., mutual funds vs. individual securities), the complexity and mix of the portfolio, and the number and range of supplementary advisory and client-related services to be provided to the account. Clients should consider the level and complexity of the advisory services to be provided when negotiating the Advisory Fee with IAR.
- Some of the investment products available to be purchased in the program can be purchased by clients outside of a PWP account, through broker-dealers or other investment firms not affiliated with LPL.
- Clients should consider the impact of fees and expenses on their investment portfolio, as described in the informational brochure titled "How Fees and Expenses Affect Your Portfolio" on [lpl.com/disclosures.html](http://lpl.com/disclosures.html) under "Investor Regulatory & Educational Resources."

### ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

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

### ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

In PWP, LPL and IAR are responsible for the overall investment advice and management services offered to clients, and the client selects the IAR who manages the account. Each IAR is generally required to possess a FINRA Series 65 or 66 license (to the extent required). For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR available from the IAR.

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

#### Quantitative Criteria

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

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



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- Assets under management

### Qualitative Criteria

LPL evaluates qualitative criteria, including but not limited to:

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

### Infrastructure Criteria

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

- Composite calculation methodology
- Trade rotation policy, if applicable
- Back office review
- Client servicing resources
- Firm-wide program commitment

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

### PWP Advisor Performance

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

LPL does not calculate PWP Advisor performance. However, LPL provides clients with individual performance information. Performance information distributed by LPL is compiled using third party portfolio accounting and reporting software. Client performance information is calculated by LPL on a uniform and consistent basis using a time weighted basis. Performance reports are intended to inform clients as to how their investments have performed for a period, both on an absolute basis and compared to leading investment indices.

It is important to note that PWP Advisors provide Models to LPL, and, except in the case of Muni Models, LPL is the party with discretion for trade implementation and execution in PWP accounts. Therefore, Models submitted to LPL by PWP Advisors may represent activity that has already been implemented on behalf of other clients of the PWP Advisor. Because of this fact and because LPL (and not the PWP Advisor) has discretionary authority to implement trades, performance of a PWP account will differ from the performance of PWP Advisor's discretionary accounts.

### LPL Portfolio Design Services

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



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such as Optimum Market Portfolios and Model Wealth Portfolios. LPL Research also reviews and recommends outside portfolio management firms for LPL's separately managed account wrap program, Manager Select.

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

- *Standard.* This investment strategy invests in more traditional asset classes (e.g., large cap growth, large cap value, small cap growth, small cap value, foreign and fixed income). LPL Research designs different versions of Standard Portfolios, for example, for investors who wish to allocate to mid caps or who do not want explicit allocations to foreign markets.
- *Core.* This investment strategy also invests in more traditional asset classes, however the traditional equity asset classes are combined between blends of growth and value.
- *Diversified.* This investment strategy invests in traditional asset classes but may also invest in less traditional asset classes (e.g., emerging markets, high yield bonds). This investment strategy is subject to minimal constraints. LPL Research designs different versions of these Portfolios, for example, for investors who want allocation to tax-free bonds.
- *Diversified Plus.* This investment strategy invests in traditional asset classes but may also invest in less traditional asset classes (e.g., emerging markets, high yield bonds). This investment strategy is subject to minimal constraints. LPL Research designs different versions of these Portfolios, for example, for investors who want allocation to tax-free bonds. In addition, this strategy has a tactical allocation for investors who wish to have an allocation that is more tactically managed and allocated by LPL Research to mutual funds, ETFs and/or ETNs. The tactical allocation is intended to be more flexible and to help take advantage of short-, mid-, and long-term opportunities the markets present.

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

### Types of Investments and Risks

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

- *Market Risk.* This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- *Interest Rate Risk.* This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- *Economic Conditions Risk.* This is the risk that economic, political or financial developments will, from time to time, result in periods of volatility or other adverse effects that could negatively impact your account.
- *Credit Risk.* This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- *Liquidity Risk.* This is the risk that an investor would not be able to sell or redeem an investment quickly, or would not be able to sell or redeem an investment quickly without significantly affecting the price. Liquidity risk is heightened when markets are distressed. Generally, alternative investments have higher liquidity risk than equities, fixed income securities or mutual funds or ETFs.
- *Issuer-Specific Risk.* This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.





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



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- *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.
- *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 ETPs. Certain Futures Linked ETPs invest in cryptocurrency futures, which could magnify the risks described above.
- *Pledging Assets*. LPL has partnered with certain banks to help facilitate clients' access to collateralized non-purpose lines of credit; however, clients are not required to use the banks in LPL's program, and can work directly with other banks ("non-partner banks") to negotiate loan terms or obtain other financing arrangements. Clients who choose to use non-partner banks should notify their IARs of the amount of the line of credit. In these collateralized lending arrangements, clients borrow from the bank and pay interest to the bank. In some cases, an IAR may recommend that a client seeking to access funds (for purposes other than purchasing securities) hold his securities investments and instead utilize a non-purpose line of credit collateralized by the assets in his advisory account. Unless an IAR specifically recommends that a client hold his



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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. Clients also should be aware that pledging assets in an account to secure a loan involves additional risks. The bank holding the loan has the authority to liquidate all or part of the securities at any time without your prior notice in order to maintain required maintenance levels, or to call the loan at any time. As a practical matter, this may cause you to sell assets and realize losses in a declining market. Moreover, an IAR's ability to make investment decisions or recommendations for the account may be restricted by collateral requirements imposed by the bank. These restrictions or a forced liquidation may interfere with your long term investment goals and/or result in adverse tax consequences. Further, you should note that the returns on accounts or on pledged assets may not cover the cost of loan interest and advisory fees. Clients should be aware that LPL's collateralized loan program is one way, among many, for clients to raise necessary cash. Before pledging assets in an account, clients should carefully review the loan agreement, loan application and any forms required by the bank and any other forms and disclosures provided by LPL. For a list of the banks currently participating in LPL's collateralized lending program, please visit [lpl.com/disclosures.html](http://lpl.com/disclosures.html), click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then "Third Party Compensation and Related Conflicts of Interest."

- *Equity Securities.* Common and preferred stock represents the equity ownership of a company. Stock markets are volatile and the price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. The value of equity securities may also decline due to factors that affect particular industries or particular issuers. The values of equity securities may be more volatile than those of other asset classes.
- *Debt Securities.* Debt securities, such as bonds, involve interest rate risk, credit risk, extension risk, prepayment risk, and other types of risks. In addition, the value of debt securities may fluctuate in response to market movements or issues that affect particular industries or issuers. When interest rates fall, the issuers of debt securities may prepay principal more quickly than expected, and investors may have to reinvest the proceeds at a lower interest rate. This is known as "prepayment risk." When interest rates rise, debt securities may be repaid more slowly than expected, and the value of the debt security can fall sharply. This is known as "extension risk." Certain types of debt securities may be subject to "call and redemption risk," which is the risk that the issuer may call a bond for redemption before it matures and the investor may lose income.
- *Cybersecurity Risk.* Failures or breaches of the electronic systems of LPL, its service providers, securities market participants or the issuers of securities can cause significant losses for investors. Unintentional cyber events, such as the inadvertent release of confidential information, could also adversely impact investor account. Any cyber event could cause result in the loss or theft of investor data or cause investors financial loss and expense.
- *Foreign Securities Risk.* Foreign investments involve special risks not present in U.S. investments that increase an investor's potential to lose money. Among other issues, custody of securities in foreign markets, changes in foreign currency exchange rates, foreign economic and market conditions, actions adverse to investors taken by foreign governments, lack of governmental oversight or regulation of securities markets, underdeveloped settlement and clearing services, and foreign withholding taxes may negatively affect the value of investments in foreign securities.
- *Values-Based and Environmental, Social and Governance (ESG) Investing Risk.* Values-based investing or ESG investing, also known as "socially responsible investing," "sustainable investing," or "impact investing," focuses on the social values or environmental, social, and governance standards or the sustainability factors of an investment. Some values-based investing strategies focus on factors relating to an individual investor's personal or religious values, such as "biblical investing," while other strategies focus on issues like environmental impact. Some values-based investment strategies use values-based criteria to supplement financial analysis when considering a particular issuer or security, while others affirmatively select "socially responsible" investments or screen out or exclude investments in companies that engage in certain activities. Values-based investing may limit the type and number of investments available in a strategy and cause the strategy to underperform other strategies without a values-based focus or with a focus that involves a different type of focus or screening methodology. Values-based strategies may underperform the market as a whole. Companies and issuers selected



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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.

### LPL's Overlay Portfolio Management Services

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

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

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

### Voting Client Securities

Unless a client instructs otherwise, LPL will vote proxies on the client's behalf. LPL has adopted policies and procedures in order for LPL to vote securities in the best interest of clients. LPL engages third party vendor(s) to make proxy voting recommendations and handle the administrative functions of voting proxies. Although LPL retains authority to vote client proxies, it is LPL's general policy to vote according to the recommendations of its third party proxy advisor vendor, so long as LPL reasonably determines that doing so is in the client's best interest. Any exceptions to this general policy are referred to LPL's Research Department, which



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makes the determination as to whether or how to vote the proxy in accordance with the best interest of the client. If the client is an employee benefit plan subject to ERISA, LPL will vote client proxies in accordance with LPL's obligations under ERISA and applicable Department of Labor Regulations. A copy of LPL's proxy voting policies is available upon request to your IAR. A client can obtain information about how LPL voted with respect to securities held in the client's account by contacting the IAR.

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

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

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

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

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

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

### **ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS**

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

### **ITEM 9 ADDITIONAL INFORMATION**

#### **Disciplinary Information**

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



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ordered LPL to cease and desist from committing or causing any further violations of these laws and regulations, censured LPL for its conduct, and ordered the payment of disgorgement and prejudgment interest totaling \$141,202 (deemed satisfied based on LPL's voluntary remedial payment of \$4,118,876 to the impacted client), and the payment of a civil money penalty of \$750,000 (2021).

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

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

- LPL's supervisory systems and maintenance of books and records relating to brokerage direct business transactions, supervisory systems and misstatements about fees relating to brokerage product switch transactions, and supervisory systems relating to brokerage recommendations of publicly traded securities of business development companies (BDCs) to customers, resulting in a censure, a fine of \$5.5 million, restitution to impacted customers, and an undertaking to certify that LPL has remediated the systems and procedures for making recommendations of BDCs (2023).
- LPL's supervisory systems and procedures relating to the transmittal of customer funds by wire or check to third parties and maintenance of related books and records, resulting in a censure, a fine of \$3,000,000, restitution to impacted clients, and an undertaking to identify and pay restitution to affected customers for certain other improper transfers (2023).
- LPL's failure to accurately calculate its customer reserve requirement, failure to maintain a sufficient customer reserve, failure to maintain policies and procedures reasonably designed to achieve compliance with the Securities and Exchange Act and FINRA rules, and failure to maintain accurate books and records, resulting in a censure and a fine of \$300,000 (2022).
- LPL's self-reporting of potential issues related to certain C-share purchase suitability reviews and its supervisory systems and procedures relating to waivers of front-end sales charges for rollovers of 529 savings plan investments from one state plan to another, resulting in a censure and payment of restitution to impacted customers (2021).
- LPL's supervisory systems and procedures relating to record retention, fingerprinting and screening of certain associated persons, and supervision of consolidated reports, resulting in a censure, a fine of \$6,500,000 and an undertaking to review and enhance related policies, systems and procedures (2020).
- LPL's supervisory systems and procedures relating to changes in the authority of custodians of accounts established under the Uniform Gifts to Minors Act and/or the Uniform Transfers to Minors Act, resulting in a censure, a fine of \$300,000, and an undertaking to review and enhance its policies, systems, and procedures related to supervision of such accounts (2019).
- The effectiveness of LPL's anti-money laundering program, LPL's failure to amend certain Forms U4 and U5, and LPL's systems and supervisory procedures relating to Forms U4 and U5 reporting requirements, resulting in a censure and a fine of \$2,750,000 and an undertaking to review the process used to disclose customer complaints on Forms U4 and U5 (2018).
- LPL's brokerage supervisory and disclosure procedures related to the sale of certain brokered certificates of deposit in brokerage accounts, resulting in a censure and a fine of \$375,000 (2018).
- LPL's systems and supervisory procedures relating to the creation and distribution of certain required account notices, resulting in a censure, a fine of \$900,000, and an undertaking to review affected processes (2016).
- LPL's systems and supervisory procedures relating to the format in which certain electronic records were retained, resulting in a censure and a fine of \$750,000 (2016).
- LPL's various brokerage supervisory procedures, including those related to the sale of complex non-traditional ETFs, variable annuity ("VA") contracts, real estate investment trusts ("REITs") and other products in brokerage accounts, as well as LPL's failure to monitor and report trades and deliver trade confirmations, resulting in a censure and a fine of \$10,000,000, and restitution of \$1,664,592 (2015).



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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).
- The sale in brokerage accounts of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an aggregate civil penalty of \$1,425,000, reimbursement of certain investigative expenses and remediation of losses to impacted customers (Global settlement with certain members of NASAA, 2015).
- The sale of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an administrative fine of \$250,000, reimbursement of investigative costs of \$250,000, a \$250,000 contribution to an investor education fund and remediation of losses to impacted customers (NH, 2015).
- The sale of leveraged and inverse leveraged ETFs ("Leveraged ETFs"), resulting in an administrative fine of \$50,000 (Delaware), a penalty of \$200,000 (MA), restitution to Delaware customers in an amount up to \$150,000, restitution to MA customers in an amount up to \$1,600,000, and an agreement to make certain changes in its supervisory system with respect to Leveraged ETFs (2015).
- Failure to implement procedures related to the use of senior-specific titles by LPL representatives as required under MA law, resulting in a censure and a fine of \$250,000 (2015).
- Failure to detect improper and fraudulent conduct by an LPL representative, resulting in a censure, a fine of \$500,000, and restitution to impacted customers; and failure to adequately enforce supervisory procedures and maintain certain books and



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records required under Illinois law in connection with certain VA exchange transactions, resulting in a censure, a fine of \$2,000,000, and restitution to impacted customers (2014).

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

### 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, REITs and other investment products. LPL is registered to operate in all 50 states and has primarily an independent-contractor sales force of registered representatives and IARs dispersed throughout the United States. LPL has a dedicated team of employee IARs in its home office 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 broker-dealer registered representatives of LPL. If required for their positions with a registered broker-dealer, LPL's principal executive officers are securities licensed as 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.

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

Fiduciary Trust Company of New Hampshire ("FTC"), a non-depository trust company, is a related person of LPL. FTC provides custodial and various other recordkeeping and services to IRAs and certain employer-sponsored plans maintained through non-PWP 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 advisor or broker-dealer. FTC's custodial and recordkeeping services and related fees are established under a separate engagement between the client and FTC.

LPL Enterprise, LLC ("LPLE"), is a registered broker-dealer and related person of LPL. It is anticipated that LPLE will also become a registered investment adviser in 2024, and certain LPLE clients will invest in LPL-sponsored and -custodied advisory programs.

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 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, or such other products, services or consultations that may be requested by and/or benefit a client. As applicable,





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

### Code of Ethics and Personal Trading

LPL 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's Research Department are required to obtain pre-clearance prior to purchasing certain securities for a personal account. Employees and IARs are also required to obtain pre-approval for investments in private placements and initial public offerings. A copy of the 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

Purchases of mutual fund shares typically are processed through LPL's proprietary account resulting in such purchases being characterized as principal transactions for certain reporting purposes. In such case, the shares will be purchased at the fund's net asset value, and no additional charges will be applied to such transactions as a result of LPL's use of a proprietary account. LPL does not otherwise engage in principal transactions with its clients in the program. LPL's parent company, LPL Financial Holdings Inc., is a publicly traded company. PWP Advisors are not prevented from purchasing LPL Financial Holdings Inc. stock in PWP accounts. In addition, a PWP account may include a mutual fund or ETF that holds LPL Financial Holdings Inc. stock as an underlying investment, for example, an ETF that seeks to replicate the performance of an investment services index that includes LPL Financial Holdings Inc.

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

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

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

LPL performs recordkeeping, administrative and shareholder services on behalf of mutual funds and receives compensation for the services based on mutual fund holdings of clients. These services include establishing and maintaining accounts with the



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

The compensation LPL receives from a fund for recordkeeping, administrative and shareholder services is based on the amount of client assets that are invested in the fund (up to 0.30% annually), or the number of positions held by PWP clients in the fund (up to \$25 per position). In addition, LPL charges a setup fee to product sponsors when adding new investment products or share classes of an investment product to LPL's investment platforms. In the case of ETPs, LPL receives up to \$7,500 per product and up to an additional \$15,000 per product for complex ETPs and ETPs that require special due diligence. In the case of mutual funds, LPL receives a one-time set up fee of up to \$40,000 to add the sponsor to its recordkeeping platform, which is the sum of a \$15,000 due diligence fee and a setup fee of \$5,000 per fund (up to a maximum of \$25,000 total for all funds). LPL does not share this compensation with its IARs.

LPL has fee arrangements with investment advisors or distributors ("sponsors") of mutual funds, ETFs, annuities, alternative investment products and structured products that are available for purchase through the program, called revenue sharing. Under these arrangements, the sponsor pays LPL a fee based on the amount of client sales or assets invested in the sponsor's funds or a fixed fee, and LPL provides marketing support to the sponsor and allows the sponsor to access IARs so that the sponsor can promote such products. The maximum revenue sharing fee received by LPL under these arrangements is 0.15% annually, and certain sponsors also pay a tiered flat fee based on customer assets of up to \$1,000,000 in the case of ETFs. LPL does not accept revenue sharing fees for assets held in retirement accounts. LPL does not require that a sponsor participate in revenue sharing arrangements for the sponsor's products to be selected for a Portfolio. In many cases, LPL receives compensation from a fund for the provision of services in addition to LPL's receipt of revenue sharing payments from the sponsors, including 12b-1 fees and mutual fund recordkeeping fees (described above).

Revenue sharing payments are generally higher for investment products with higher expense ratios (the overall fee paid by an investor in the product). Additionally, revenue sharing payments for some ETFs are based on management fees and will be higher for ETFs with higher expense ratios, both because LPL is paid a portion of the higher fees and because generally the percentage rate that LPL gets paid increases for investment products with higher expense ratios. As a result, LPL has an increased incentive to choose investment products that charge more in fees and to promote or recommend these investment products so that LPL earns more, and that could cause lower performance for client accounts. Other investment products with lower fees that are not party to revenue sharing agreements are available. Higher expense ratios will cause an investor to earn less on an investment than a comparable investment with a lower expense ratio. This results in a conflict of interest between clients and LPL because the revenue sharing arrangements give LPL an incentive to recommend investments that could cause lower performance for client accounts. However, these conflicts are mitigated insofar as the revenue sharing payments LPL receives are not shared with the IAR who selects or recommends the investment products for client accounts.

The revenue that LPL receives from 12b-1 fees, recordkeeping compensation, and revenue sharing arrangements is an important revenue stream and presents conflicts of interest that affect LPL's ability to provide clients with unbiased, objective investment advice concerning the selection of funds and share classes for a Portfolio in the case of Portfolios designed by LPL. In particular, LPL has a financial incentive: (i) to select a product or a Program Share Class that charges a 12b-1 fee and/or pays recordkeeping compensation to LPL over another comparable product or a share class that does not charge 12b-1 fees or pay recordkeeping compensation; (ii) to select a product sponsored by a company that makes revenue sharing payments to LPL, instead of another comparable product whose sponsor does not make such payments; and (iii) to select a product or a Program Share Class that charges 12b-1 fees, pays recordkeeping compensation to LPL, or whose sponsor makes revenue sharing



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payments to LPL that, in each case, are comparatively higher than those charged or paid by another comparable fund or share class or a sponsor of such products or share classes. Such other comparable products and/or share classes may be more appropriate for a client than the product or Program Share Class offered through the Program. Additionally, LPL receives significantly more revenue sharing from fund sponsors for which LPL's clients have the largest holdings, which creates a conflict of interest for LPL to promote and recommend those investments. LPL's website at [lpl.com/disclosures.html](http://lpl.com/disclosures.html) identifies the mutual funds that pay recordkeeping compensation and the sponsors that make revenue sharing payments to LPL.

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

### Cash Sweep Arrangements

LPL makes available programs for cash in an account to be automatically swept to an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured deposit account (or under certain unlikely circumstances, into money market mutual funds), and for certain types of accounts, a money market fund. For more information about which types of accounts are eligible to use the different sweep options, please speak to your IAR.

For accounts that sweep cash to the multi-bank insured cash account program offered by LPL (the "ICA")—LPL receives a fee equal to a percentage (up to 6%) of the average daily deposit balance in the ICA. The fee paid to LPL is applied across all ICA deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. For accounts that sweep cash to the multi-bank deposit cash account program offered by LPL (the "DCA")—LPL receives a flat monthly fee per account (\$23.25 as of February 28, 2024) based upon the prevailing fed funds target rate. LPL's compensation under the DCA program is not affected by the actual cash amounts held in your account. The fees paid to LPL for its sweep programs reduces the interest rate paid on your cash funds, and depending on the interest rate and other market factors, LPL may receive a majority of the interest as fees.

For ICA Overflow Balances maintained in Client Cash Accounts, LPL makes money depending on how those free credit balances are invested or deposited. Pursuant to Rule 15c3-3, LPL can (i) deposit cash balances into a segregated deposit account at its banks, thereby making interest on the Client Cash Account balances deposited, or (ii) invest the cash balances in securities backed by the full faith and credit of the U.S. government, thereby making money on any yield generated by such securities. The amount LPL will earn from these sources will vary based on market forces and the contracts for deposit arrangements that LPL is able to secure with its banks. LPL may use both or either of these vehicles at its sole discretion. Any amounts LPL receives pursuant to these sources will be reduced by the interest payable to you on such Client Cash Account balances, and further reduced by the cost of borrowing any funds necessary to meet its reserve requirements under Rule 15c3-3. For example, LPL may earn interest or a return by investing in short-term U.S. Government or Agency instruments or by using these balances to fund margin loans to its customers at a lower funding cost than would otherwise be the case.

For DCA Overflow Balances maintained in GSAM, LPL receives compensation of up to 0.45% annually of the LPL client assets invested in GSAM in connection with recordkeeping and other services it provides for the funds.

For the narrow set of accounts that are set up for cash to sweep to a money market fund -- the available Sweep Funds typically pay higher 12b-1 fees than other money market funds. With respect to J.P. Morgan U.S. Government Money Market Fund, LPL receives compensation of up to 0.25% annually of the LPL client assets invested in the Sweep Funds for services it provides for the fund. Together, the 12b-1 fees, recordkeeping fees, marketing support payments, and other compensation from Sweep Funds and their sponsors, allow LPL to receive up to 1% annually of LPL client assets in the Sweep Funds.



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LPL also makes available single-bank insured cash account programs. The banks sponsoring such programs have an agreement with LPL for LPL IARs to offer advisory services on their premises. In the case of these single-bank programs, LPL receives a fee from the bank of up to 0.50% annually of the LPL client assets deposited at the bank under the program for its sweep processing services. For additional information on the insured cash account program for your account, including fees and interest rates, please see the applicable disclosure booklet available from IAR and on LPL's website at [lpl.com/disclosures.html](http://lpl.com/disclosures.html).

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

Clients should understand that, depending on interest rates and other market factors, the yields on the ICA, DCA and Sweep Funds have been, and may continue in the future to be, lower than the aggregate fees and expenses received by LPL for a client's participation in the cash sweep programs. This may result in a client experiencing a negative overall investment return with respect to cash reserves in the cash sweep programs. Interest rates under ICA and DCA may be lower than the interest rates available if clients make deposits directly with a bank or other depository institution outside of the program or invests in a money market fund or other cash equivalent. Clients should compare the terms, interest rates, required minimum amounts and other features of the ICA and DCA programs with other types of accounts and investments for cash.

### Collateralized Lending Arrangements

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

LPL receives third party compensation from participant banks based on the amount of outstanding loans. Compensation can be up to 0.75% of the outstanding loan amount. This compensation to LPL varies, and, therefore, LPL can earn more or less depending on the bank selected by the client. The receipt of compensation poses a conflict of interest to LPL because LPL has a financial incentive for the client to select a bank in the program, as well as a participating bank that pays LPL more than other participating banks. However, LPL does not share this compensation with its IARs, and therefore, an IAR does not have a financial incentive if one bank is selected over another. 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 bank call. This may present 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.

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 "Third Party Compensation and Related Conflicts of Interest."



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## 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 plan such as a 401(k) plan, and decides to roll assets out of the plan into the account, LPL and IAR have a financial incentive to recommend that the client invest those assets in the account, because LPL will be paid on those assets, for example, through advisory fees. You 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 an employer-sponsored plan are generally not transferrable to the 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. However, this conflict of interest is mitigated by LPL's general policy prohibiting its IARs from recommending clients roll out an employer-sponsored retirement plan into an LPL IRA, though IARs may assist by educating clients on their options as well as various pros and cons of initiating a roll out of an employer-sponsored plan and may recommend how IRA assets be invested after the client has determined to roll out of the employer-sponsored plan.

When LPL or an IAR recommends that a client move assets from an LPL brokerage account or an IRA held at another financial institution into a program account, he or she is required to consider, based on the information client provides, whether client will be giving up certain investment-related benefits at the other financial institution, 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, asset consolidation, trust services, and advice and planning, automatic account rebalancing) can be achieved with the Account; and (2) the asset based fees and transaction charges are justified by these services and features.

## 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 and nature of any action taken for the account may also be different.

## 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.

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

## Other Compensation

PWP Advisors reimburse LPL for costs associated with the use of technology necessary for a PWP Advisor to perform its services under the program. LPL, LPL employees and IARs also receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation includes such items as gifts valued at less than \$100



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annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, customer appreciation events or marketing or advertising initiatives, including services for identifying prospective clients. Product sponsors also pay for, or reimburse LPL for the costs associated with, education or training events that are attended by LPL employees and IARs and for LPL-sponsored conferences and events. 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.

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 PWP 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 transition brokerage accounts to advisory.

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

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

### Conflicts Related to LPL Compensation to IAR

The IAR recommending an advisory service receives compensation from LPL. 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. 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
- advances of advisory fees
- payments in the form of repayable or forgivable loans
- 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 home office 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.



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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 from LPL could be more than what the IAR receives 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 PWP than other programs or services. In such cases, the IAR has a financial incentive to recommend advisory services in PWP over other programs and services. However, IAR will factor in the fees charged to them by LPL in the overall Account Fee negotiated by the client. In addition, 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 applicable standards under the Advisers Act. LPL has systems in place to review IAR-managed accounts in PWP for suitability over the course of the advisory relationship.

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 are 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 assets serviced by the IAR at the prior firm. These payments are generally in the form of payments or loans to the IAR with favorable interest rate terms as compared to other lenders, 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.

LPL also makes payments to IARs in connection with the transition of certain advisory business to LPL from his or her prior firm that is not approved on LPL's platform. These payments are tied to the amount of client assets that are transitioned from an unapproved platform at the prior firm to LPL's advisory programs. In addition, IARs are also eligible to receive compensation from LPL in order to assist with offsetting time and expense in coordinating transfers of client accounts from third party investment platforms to LPL's platform ("Operational Assistance"). This compensation is payable as a flat-dollar amount per transferred account with a maximum of up to \$350 per account.

The receipt of Transition Assistance and 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 not available through LPL, in order to receive the Transition Assistance and Operational Assistance benefit or payment. 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 and 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. If LPL makes a loan to a new or existing IAR, there is also a conflict of interest because LPL's interest in collecting on the loan affects its ability to objectively supervise the IAR.



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### 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.

### 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 advisory 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 Account 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.

### Unaffiliated Financial Institutions

LPL and its IARs offer advisory services on the premises of unaffiliated financial institutions, like 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.





## PERSONAL WEALTH PORTFOLIOS - PROGRAM BROCHURE

LPL has entered into agreements with the financial institutions pursuant to which LPL typically shares compensation, including a portion of the Account Fee, with the financial institution for the use of the financial institution's facilities and for client referrals. Instead of paying the IAR the portion of the Account Fee as described above, LPL shares the Account Fee with the financial institution, and the financial institution pays part of that amount to IAR. 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. An IAR will have a financial incentive to recommend a particular service or product if under the compensation plan the recommended product will result in more compensation to the IAR than another product or service, 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. In a few situations, LPL has agreements to provide similar services at financial institutions in which compensation is not shared with the financial institution.

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 Advisory 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 you pay to LPL.

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

LPL also provides other forms of compensation to financial institutions, such as bonuses, awards or other things of value offered by LPL to the institution. For example LPL pays financial institutions payments 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, 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 compensation from LPL in order 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 payable to the institution as a flat-dollar amount per transferred account with a maximum of up to \$350 per



## PERSONAL WEALTH PORTFOLIOS - PROGRAM BROCHURE

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 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.

Employees of trust departments at certain financial institutions are authorized under the terms of applicable trust arrangements to delegate investment management 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.

### Financial Information and Custody

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

### Brokerage Practices

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

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

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

LPL will aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. LPL also will aggregate rebalancing transactions for an account with other program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may affect transactions for some accounts on one day and for other



## PERSONAL WEALTH PORTFOLIOS - PROGRAM BROCHURE

accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

### 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 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 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

March 28, 2024

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

Jeffrey Roach  
Adam Turnquist  
Lawrence Dean Gillum  
Jina Yoon  
Quincy Krosby  
Scott Froidl

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George Smith

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

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

### **Marc Andrew Zabicki**

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

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

#### **Disciplinary Information**

None.

#### **Other Business Activities**

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

#### **Additional Compensation**

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

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

#### **Supervision**

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



## **BROCHURE SUPPLEMENTS**

### **Louis James Carpenetti**

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

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

#### **Disciplinary Information**

None.

#### **Other Business Activities**

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

#### **Additional Compensation**

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

#### **Supervision**

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

### **Garrett Fish**

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

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

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

#### **Disciplinary Information**

None.

#### **Other Business Activities**

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

#### **Additional Compensation**

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

#### **Supervision**

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

### **Jason Hoody**

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

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



## **BROCHURE SUPPLEMENTS**

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

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

### **Supervision**

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

### **Kristian Kerr**

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

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

#### **Disciplinary Information**

None.

#### **Other Business Activities**

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

### **Additional Compensation**

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

### **Supervision**

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

### **Jeffrey Roach**

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

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

#### **Disciplinary Information**

None.

#### **Other Business Activities**

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

#### **Additional Compensation**

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



## **BROCHURE SUPPLEMENTS**

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

### **Supervision**

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

### **Adam Turnquist**

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

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

#### **Disciplinary Information**

None.

#### **Other Business Activities**

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

#### **Additional Compensation**

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

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

### **Supervision**

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

### **Lawrence Dean Gillum**

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

Lawrence Gillum was born in 1974. He has a BS from University of Florida and a Master in Business Administration from the University of North Carolina, Keenan Flagler Business School. He is 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,



## **BROCHURE SUPPLEMENTS**

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

### **Supervision**

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

### **Jina Yoon**

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

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

#### **Disciplinary Information**

None.

#### **Other Business Activities**

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

#### **Additional Compensation**

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

### **Supervision**

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

### **Quincy Krosby**

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

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

#### **Disciplinary Information**

None.

#### **Other Business Activities**

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

#### **Additional Compensation**

Ms. Krosby receives a regular salary.

### **Supervision**

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





## **BROCHURE SUPPLEMENTS**

### **Scott Froidl**

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

Scott Froidl was born in 1971. He has a BS from Lindenwood University. He is AVP 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 all LPL managed portfolios.

#### **Supervision**

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

### **Jeffrey Alan Buchbinder**

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

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

Bernstein, he was an Equity Research Associate at Deutsche Bank.

#### **Disciplinary Information**

None.

#### **Other Business Activities**

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

#### **Additional Compensation**

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

#### **Supervision**

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

### **George Smith**

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

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



## **BROCHURE SUPPLEMENTS**

### **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 all LPL managed portfolios.

### **Supervision**

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

