



# **Lincoln Financial Advisors Corporation Premier Plus Wealth Management Program Form ADV, Part 2A**

October 7, 2022

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**This brochure provides information about the qualifications and business practices of Lincoln Financial Advisors Corporation. If you have any questions about the contents of this brochure, please contact us at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.**

**Additional information about Lincoln Financial Advisors Corporation also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

LFN11329

## **Item 2: Material Changes**

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This interim updating amendment to the brochure (this “Brochure”) for the Premier Plus Wealth Management Program (the “Premier Plus Program”) offered by Lincoln Financial Advisors Corporation (“LFA”) is dated October 7, 2022 and the last annual updating amendment to this Brochure was dated March 30, 2022. Material changes to this Brochure since the last annual updating amendment dated March 30, 2022 include the following:

- LFA updated Item 5 of this Brochure to provide clients with additional detail regarding the conflicts of interest that LFA’s investment adviser representatives, including those who use the name Sagemark Consulting (collectively, “IARs”), have in connection with forgivable loans that certain IARs receive when transitioning their practices from another firm to LFA.

Clients are strongly encouraged to read this Brochure in detail and contact their IAR with any questions. If you would like another copy of this Brochure or a copy of any other LFA brochure, please feel free to access and download it from our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), or from the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You also may request a copy of this Brochure or any other LFA brochure by contacting LFA at (800) 237-3813 or [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

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## **Item 4: Advisory Business**

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### **ABOUT LFA**

LFA was incorporated in 1968 and has been registered with the SEC as an investment adviser since 1992. LFA is wholly owned by The Lincoln National Life Insurance Company (“LNL”), which is wholly owned by Lincoln National Corporation (“LNC”), a publicly held entity. Lincoln Financial Group is the marketing name for LNC and its affiliates.

As of December 31, 2021, LFA managed approximately \$27.5793 billion of client assets on a non-discretionary basis and approximately \$9.2082 billion of client assets on a discretionary basis.

LFA offers a wide variety of investment advisory programs and services, which are sometimes marketed using the name Sagemark Consulting, a division of LFA. LFA’s IARs assist clients in pursuing their financial goals by providing personalized financial planning services and investment solutions. Any information you receive from LFA or the IARs relating to the tax considerations affecting your financial arrangements or transactions is not intended to be tax advice and you should not rely upon it as tax advice. Neither LFA nor the IARs provide tax, legal, or accounting advice.

In addition to the advisory programs and services described in this Brochure, LFA also offers the following advisory programs and services, which are described in separate Forms ADV, Part 2A:

- Premier Series Wealth Management Program (which includes the Premier Separately Managed Accounts Program, Premier Unified Portfolio, the Premier Manager (Mutual Fund) Program, and the Premier Strategist Program) (the “Premier Series Program”);
- Sagemark Consulting Financial Planning;
- Financial Planning; and
- Third-Party Asset Management Programs, Retirement Plan Services and Other Advisory Services.

For a detailed discussion of each of the advisory programs and services listed above, including the fees and expenses you will pay, the compensation LFA and the IARs will receive, and LFA’s and the IARs’ conflicts of interest in connection with them, you should refer to the Form ADV, Part 2A for the particular program or service, which is available on our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), and on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). These Forms ADV, Part 2A may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

### **AVAILABLE ACCOUNT AND RELATIONSHIP TYPES**

When you choose to purchase products and services through LFA and work with an LFA financial professional, you have the option of investing through a transaction-based account, such as a brokerage account, a fee-based investment advisory program, or both. It is important for you to understand the services you will receive, the fees, costs, and expenses you will pay, and LFA’s and your LFA financial professional’s conflicts of interest in connection with each of these different types of accounts and relationships with LFA and your LFA financial professional. These services, fees, costs, expenses, and conflicts of interest are described below and in much greater detail in LFA’s Form CRS, Regulation Best Interest (“Reg BI”) Disclosure Document, and Forms ADV, Part 2A, as applicable, which are available on LFA’s website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures.

#### **Transaction-Based Account, Such As a Brokerage Account**

With a transaction-based account, such as a brokerage account, you will pay commissions and other charges (such as sales loads on mutual funds and other securities and investment products) at the time of each transaction, such as the purchase or sale of a mutual fund, stock, bond, option, or other security or investment product. These commissions and other charges are the primary source of compensation for the transaction-based advice provided by your LFA financial professional when recommending such transactions. When acting as your broker, your LFA financial professional can make recommendations

and provide guidance to you in selecting securities, other investment products, and services. Your LFA financial professional may also provide investment education and research services, which are incidental to the brokerage services LFA provides. This type of account can potentially be more appropriate for you than a fee-based investment advisory account if you do not want ongoing investment advice on assets held in your account, or ongoing management of your account, and instead want only periodic or on-demand advice and recommendations specific to the purchase and sale of securities and other investment products. This type of account can potentially result in lower costs for you if you expect to trade on an infrequent or occasional basis.

When LFA and your LFA financial professional make securities and investment strategy recommendations to you as broker-dealer for your transaction-based account, such as a brokerage account, LFA and your LFA financial professional are required to act in your best interest, without placing their financial or other interests ahead of your interests. Additionally, when LFA and your LFA financial professional provide investment advice to you on a regular basis regarding your Employee Retirement Income Security Act of 1974, as amended (“ERISA”), retirement plan account or individual retirement account (“IRA”), LFA and your LFA financial professional are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), as applicable, which are laws governing retirement accounts. However, you should be aware that LFA and your LFA financial professional are subject to various conflicts of interest in connection with the recommendations and other services they provide to you in connection with your transaction-based accounts. These conflicts of interest result from various arrangements, including, but not limited to, the roles LFA and your LFA financial professional play in a transaction, LFA’s and your LFA financial professional’s compensation arrangements, and LFA’s financial and other arrangements with custodians, clearing firms, other service providers, its affiliates, third-party product and service providers, and others. Important information regarding these conflicts of interest is provided in LFA’s Form CRS and Reg BI Disclosure Document, as well in the other important client disclosures available on LFA’s website, [www.lfa-sagemark.com](http://www.lfa-sagemark.com).

**For additional information on LFA’s broker-dealer services and transaction-based account offerings, please see LFA’s Form CRS and Reg BI Disclosure Document, which are available on LFA’s website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures. LFA’s Form CRS and Reg BI Disclosure Document may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [LFAAdvisoryServices@lfg.com](mailto:LFAAdvisoryServices@lfg.com). For detailed information regarding the commissions, trading/execution fees, and brokerage service charges that LFA establishes, controls, and charges clients when serving as broker-dealer of record for transaction-based accounts with National Financial Services LLC (“NFS”), please see LFA’s Fee and Commission Schedule for Accounts with NFS (the “LFA Fee Schedule”), which is provided to you at account opening, will change over time, and can be found on LFA’s website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost.**

**Before consenting to any broker-dealer relationship with LFA or an LFA financial professional, you should review the important disclosures referenced above, including those related to the services you will receive, the fees, costs, and expenses you will pay, the compensation LFA and its financial professionals will receive, and LFA’s and its financial professionals’ conflicts of interest. After reviewing these disclosures, please address any questions you may have with your LFA financial professional.**

### **Fee-Based Investment Advisory Program**

A fee-based investment advisory program, sometimes called a “managed account,” can potentially be more appropriate for you than a transaction-based account, such as a brokerage account, if you want ongoing investment advice and management of your account. LFA acts as the sponsor and broker-dealer in connection with some of the investment advisory programs and services it offers and LFA offers a number of different investment advisory programs and services.

With this type of account, you will pay an ongoing investment advisory fee based on the value of the assets held in your account in exchange for ongoing investment advice and management of your account and related services. The asset-based fee is the primary source of compensation for the ongoing investment advice provided by your IAR. You generally will not be charged commissions for each purchase or sale of a security or other investment product; however, you will be charged for (1) any transaction, trading, and execution charges that are applicable to trades and other transactions (including, but not limited to, “step-out” trades) occurring within your account and (2) other fees, costs, and expenses applicable to your account, the services provided to you and your account, and the securities and other investment products purchased, held,

and sold in your account, in each case as described in your account-opening documentation and in the prospectuses and other disclosure documents for the securities and other investment products you purchase, hold, and sell.

Transaction, trading, and execution charges are not used to compensate your IAR for his or her services in this type of account. Certain investment advisory programs charge an “all-inclusive” bundled fee based on the value of the assets in your account. This bundled fee usually includes a portfolio management fee, transaction, trading, and execution costs, and investment advice and is sometimes referred to as a “wrap fee.” However, this bundled fee does not include costs associated with transactions that are executed at broker-dealers other than the one at which your account is held. Transactions executed at broker-dealers other than the one at which your account is held are sometimes called “step-out” trades and are described further in Items 5 and 12 below. Fees vary depending on which LFA advisory programs and services you use. LFA’s advisory program fees are billed either in arrears (*i.e.*, following the completion of the applicable billing period) or in advance (*i.e.*, at the beginning of the applicable billing period) depending on the program you select, and your billing methodology (*i.e.*, in arrears or in advance) will be specified in your client service agreement, Statement of Investment Selection or Statement of Insurance Selection, as applicable (“SIS”), or other account-opening documentation. Fees are charged either monthly or quarterly, as specified in your client service agreement, SIS, or other account-opening documentation, based on the assets held within your account for services including, but not limited to, ongoing investment advice, investment selection and recommendations, asset allocation, execution of transactions (depending on the program you are in), custody of securities, and account reporting services. Please see your client service agreement, SIS, and other account-opening documentation for additional information. After reviewing these documents, please address any questions you may have with your IAR.

Alternative investments (“AIs”) may be held in a managed account, but usually for consolidated reporting purposes and convenience only. For purposes of this section, AIs are defined as non-traditional investments such as non-traded real estate investment trusts, limited partnerships, oil and gas programs, managed futures funds, qualified opportunity zone funds, interval funds, private placements, 1031 exchange programs, funds of hedge funds, and other non-traded investment programs. Generally, AIs are illiquid and not traded on an exchange, or have limited liquidity at the discretion of the product provider, but can potentially offer clients opportunities for diversification in their investment portfolios. AIs are usually purchased directly from the sponsor company on a commission basis and held in a transaction-based account. However, a client may request that an AI be held in a managed account. When LFA permits an AI to be held within a Premier Wealth Management Program (“Premier”) account, the AI generally will be coded as an “unsupervised” asset, which means that LFA will not serve in an investment advisory capacity with respect to the AI, LFA will not provide investment advisory services or oversight on the AI, and the AI will be excluded from the account’s advisory fee calculation but reflected as an asset on the account’s performance report. Unsupervised assets are not included in the performance calculation for Premier accounts. Notwithstanding the foregoing, LFA permits certain AIs to be held within Premier accounts as “supervised” assets. The AIs LFA permits to be held within Premier accounts as supervised assets generally will be in a share class designed or intended to be used in connection with a fee-based account. In such cases, LFA will serve in an investment advisory capacity with respect to the supervised AI, LFA will provide investment advisory services and oversight on the supervised AI as it would with other assets maintained in the Premier account, and the supervised AI will be included in the calculation of the Premier account’s advisory fee and performance. If these circumstances are applicable to your AI, the AI Worksheet you complete in connection with your AI investment or your other account documentation will inform you of the fact that your AI will be a supervised asset included in the calculation of your Premier account’s advisory fee and performance. Additionally, in some investment advisory and asset allocation programs sponsored by third-party asset management firms, the third-party investment managers use AIs in the management of client accounts and include AI assets in their fee and performance calculations. Please see your account-opening documentation for additional information.

LFA’s advisory fees generally are negotiable. Some programs, like the Premier Plus Program, charge separately for asset management services, ongoing investment advice, and transactions. In such programs, you will be charged for any transaction, trading, and execution fees, costs, and expenses that are applicable to trades and other transactions occurring within your account, as described in your account-opening documentation, in addition to your asset-based advisory fees. Applicable transaction, trading, execution, and other fees, costs, and expenses are described in detail in the applicable program’s client service agreement; SIS; transaction, trading, execution, and brokerage service fee schedules; other account-opening documentation; and Form ADV, Part 2A.

When LFA and your LFA financial professional serve as investment adviser for your fee-based account, LFA and your LFA financial professional are required to act in your best interest, without placing their financial or other interests ahead of your

interests. Additionally, when LFA and your LFA financial professional provide investment advice to you on a regular basis regarding your ERISA retirement plan account or IRA, LFA and your LFA financial professional are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. However, you should be aware that LFA and your LFA financial professional are subject to various conflicts of interest in connection with the investment advice and other services they provide to you in connection with your fee-based accounts. These conflicts of interest result from various arrangements, including, but not limited to, the roles LFA and your LFA financial professional play in a transaction, LFA's and your LFA financial professional's compensation arrangements, and LFA's financial and other arrangements with custodians, clearing firms, other service providers, its affiliates, third-party product and service providers, and others. Important information regarding these conflicts of interest is provided in LFA's Form CRS and Forms ADV, Part 2A, as well in the other important client disclosures available on LFA's website, [www.lfa-sagemark.com](http://www.lfa-sagemark.com).

**For additional information on LFA's investment advisory programs and services, please see LFA's Form CRS and Forms ADV, Part 2A, which are available through our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), and through the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). LFA's Form CRS and Forms ADV, Part 2A may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com). For detailed information regarding the trading/execution fees and brokerage service charges that LFA establishes, controls, and charges clients when serving as broker-dealer of record for Premier accounts held with NFS, please see the LFA Fee Schedule, which is provided to you at account opening, will change over time, and can be found on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost.**

**Before consenting to any investment advisory relationship with LFA or an LFA financial professional, you should review the important disclosures referenced above, including those related to the services you will receive, the fees, costs, and expenses you will pay, the compensation LFA and its financial professionals will receive, and LFA's and its financial professionals' conflicts of interest. After reviewing these disclosures, please address any questions you may have with your LFA financial professional.**

## **PREMIER WEALTH MANAGEMENT PROGRAM**

LFA is the sponsor of Premier, an investment advisory program that provides clients with access to individualized investment management services. LFA allows its IARs to offer the investment advisory services described herein to their clients and potential clients. Through a written agreement with Envestnet Portfolio Solutions, Inc. ("EPS"), an investment adviser registered with the SEC, LFA has engaged EPS to provide various administrative services to Premier clients using the Premier Plus Program (as described below), and to provide administrative services and/or investment management services to clients electing the other Premier investment programs.

Premier provides clients with access to ongoing investment management services for investment portfolios through the following Premier investment programs:

- **Premier Plus Program.** This program consists of portfolios managed by an IAR, which may be composed of mutual funds, exchange-traded funds ("ETFs"), individual securities, annuity contracts, and other investments based upon the investment strategy agreed upon with the client.
- **Premier Separately Managed Accounts Program.** This program offers a broad array of investment strategies managed by third-party money managers ("Sub-Managers") contracted with EPS, or managed by EPS under a licensing agreement with a Sub-Manager.
- **Premier Unified Portfolio.** This program offers the investment strategies of Sub-Managers and third-party asset allocation providers ("Strategists"), mutual funds, and ETFs within a single account that is managed by EPS as an "overlay manager" in accordance with Sub-Manager, Strategist, mutual fund, and ETF allocations recommended or selected by an IAR. If approved by LFA, Premier Unified Portfolio accounts may also include IAR-directed portfolios or "sleeves" consisting of mutual funds, ETFs, stocks, bonds, and other securities that are customarily available in investment advisory accounts.

- **Premier Manager (Mutual Fund) Program.** This program consists of mutual fund portfolios managed by EPS.
- **Premier Strategist Program.** This program consists of mutual fund, ETF, and other portfolios managed by EPS or LFA pursuant to the investment recommendations or model portfolios of one or more Strategists.

The Premier Separately Managed Accounts Program, Premier Unified Portfolio, the Premier Manager (Mutual Fund) Program, and the Premier Strategist Program are all described in a separate Premier Series Program Form ADV, Part 2A (Wrap Fee Program Brochure), which is available on our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), and on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Premier Series Program Form ADV, Part 2A and each of LFA’s other Forms ADV, Part 2A may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

The client ultimately determines the portfolio manager for his or her account in Premier (the “Program Account”), whether electing LFA, an IAR, EPS, or one or more Sub-Managers to manage the client’s assets in the Program Account.

LFA’s review and selection of service providers for Premier is based on the service providers’ ability to provide an overall set of services necessary to administer the program, which may include a variety of functions such as investment research, technology, and administrative support. If LFA, through its ongoing evaluation of any service provider, determines that they are no longer able to perform these services effectively, LFA may replace them with another service provider or discontinue the program.

The minimum investment amount varies by the Premier investment program selected and, if applicable, by the Sub-Manager or Strategist selected. Generally, the investment minimums for the Premier investment programs are as follows:

- Premier Plus Program – \$25,000
- Premier Separately Managed Accounts Program – \$100,000 for each Sub-Manager selected
- Premier Unified Portfolio – \$250,000
- Premier Manager (Mutual Fund) Program – \$25,000
- Premier Strategist Program – \$10,000 to \$50,000 for each Strategist selected

Actual minimum investment amounts for any Premier investment strategy, Sub-Manager, or Strategist vary and are in certain cases higher or lower than listed above. The minimum investment amounts generally are negotiable at the discretion of LFA, EPS, Sub-Managers, or Strategists, as applicable.

Once the client selects an IAR, the IAR will request information from the client regarding the client’s financial background, investment experience, investment objectives, and risk tolerance, among other things, to determine whether Premier is suitable for and in the best interest of the client.

Once a client establishes a Program Account, the IAR will contact the client periodically to determine if there have been any changes in the client’s financial situation or investment objectives so that the investment strategy of the Program Account may be adjusted accordingly. The information provided by the client will be shared among LFA, the IAR, EPS, and applicable Sub-Managers and will be used in formulating each of their respective recommendations and strategies in managing the client’s assets.

A client should promptly contact their IAR any time the client’s financial situation or investment objectives change, or if any of the information previously provided to the IAR has materially changed. The IAR can then determine whether the Program Account and its investments remain suitable for and in the best interest of the client, or if any changes should be recommended.

Once a client establishes an advisory relationship with LFA, there are no restrictions on the client's ability to contact LFA or the IAR. Clients may also request direct contact with EPS, a Sub-Manager, or a Strategist; however, these contacts will occur at the sole discretion of EPS or the applicable Sub-Manager or Strategist.

### **Premier Plus Program Accounts on Fidelity's Tax-Exempt Recordkeeping Platform**

Clients that have retirement plan accounts that are held on Fidelity's tax-exempt recordkeeping platform may authorize LFA and its IARs to provide discretionary investment management services to such accounts through the Premier Plus Program. To participate in this program, the client will be required to complete a Registered Investment Advisor Authorization Form or other appropriate documentation to, among other things: authorize LFA and IAR to manage the client's retirement plan account through the Premier Plus Program; grant LFA and IAR the ability to access information regarding the client's retirement plan account; authorize LFA and IAR to provide trading instructions to Fidelity with respect to client's retirement plan account; and authorize LFA to instruct Fidelity to deduct applicable investment advisory fees from the client's retirement plan account.

In this program, IAR will provide investment management services to the client utilizing the investment options available within the client's retirement plan account. The employer that sponsors the client's retirement plan is responsible for determining the investment options that are available within the client's retirement plan account, and the investment options available within retirement plan accounts typically are more limited than the full suite of investment options generally available to clients participating in the Premier Plus Program. For example, investments in 403(b)(7) accounts are limited to mutual funds and other regulated investment companies as defined for purposes of Section 403 of the Internal Revenue Code, so clients with that type of retirement plan will only be able to invest in mutual funds and other regulated investment companies. LFA and IAR do not control the list of investment options available within the client's retirement plan account. IAR's investment recommendations and decisions with respect to the client's retirement plan account will be limited by the investment options available within the client's retirement plan account and, as a result, can potentially differ from the investment recommendations and decisions IAR makes for other Premier Plus Program accounts that are not subject to such investment limitations. Additionally, these limitations can potentially cause the investment performance, risk profile, and other characteristics of the client's retirement plan account to differ from those of other Premier Plus Program accounts that are not subject to such investment limitations. If the client's retirement plan permits the establishment of a Fidelity BrokerageLink account within the retirement plan, additional investment options generally will be available to the client.

The Sponsor Fee and Adviser Fee (each as defined below) for accounts participating in this program are charged either monthly or quarterly as described under the heading Client Advisory Fees below. Accounts on Fidelity's tax-exempt recordkeeping platform are held with Fidelity. Fidelity sets and will charge transaction, trading, execution, custody, brokerage service, and other fees, costs, and expenses in connection with the client's retirement plan account and Fidelity BrokerageLink account, if applicable, as described in client's retirement account-opening documentation. These fees, costs, and expenses are in addition to LFA's Sponsor Fee and Adviser Fee. The employer sponsoring the client's retirement plan is responsible for negotiating and determining all fees, costs, and expenses associated with the client's retirement plan, including, but not limited to, transaction, trading, and execution fees, brokerage service charges, and custodial costs. Except for the Sponsor Fee and Adviser Fee associated with a client's participation in the Premier Plus Program, LFA and IAR do not negotiate or control any transaction, trading, and execution fees, brokerage service charges, custodial costs, or other fees, costs, and expenses related to the client's retirement plan. LFA and IAR will not receive any compensation related to the client's retirement plan account or Fidelity BrokerageLink account, if applicable, other than the Sponsor Fee and Adviser Fee they charge for the investment advisory and related services they provide to the client's retirement plan account through the Premier Plus Program. Please see your retirement plan account-opening documentation, including any related transaction, trading, execution, and brokerage service fee schedules, for additional information on applicable fees, costs, and expenses. Please also see the prospectuses and other disclosure documents for each of the investment options available within your retirement plan for information regarding the fees, costs, and expenses related to purchasing, holding, and selling particular investment options, including, but not limited to, money market and other mutual fund expenses, including 12b-1 fees.

### **Impact Investment Screening**

You can elect to apply certain limitations to your account that require the investment manager to avoid investing in certain industries and/or specific companies or securities. This is often referred to as "Impact Investing," "Socially Responsible

Investing,” or “Environmental, Social and Governance Investing.” While there is no additional charge for applying this type of restriction to your account, the application of such restrictions can potentially cause your account’s investment performance, risk profile, and other characteristics to differ from those of accounts not subject to any industry, company, or security restrictions.

## **Item 5: Fees and Compensation**

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### **CLIENT ADVISORY FEES**

Program fees for the Premier Plus Program are assessed based on an annual percentage of the total market value of the client’s assets under management (including, but not limited to, all cash balances and all holdings of money market mutual funds and other products and accounts designated as “cash sweep” vehicles), without deducting the balance of any margin loan, securities-backed line of credit (“SBLOC”), other line of credit, or lien against the client’s account. Program fees for the Premier Plus Program are charged on either a monthly or quarterly basis and are charged either in advance (*i.e.*, at the beginning of the applicable billing period) or in arrears (*i.e.*, following the completion of the applicable billing period). The client’s billing frequency (*i.e.*, monthly or quarterly) and billing methodology (*i.e.*, in advance or in arrears) are specified in the client’s client service agreement, SIS, or other account-opening documentation. Program fees charged in arrears for a billing month or quarter, as applicable, are calculated based on the average daily balance of the Program Account for that completed billing month or quarter. Program fees charged in advance for a billing month or quarter, as applicable, are calculated based on the average daily balance of the Program Account during the previous billing month or quarter. For program fees charged in advance, the program fee for the initial billing month or quarter, as applicable, is calculated based on the average daily balance of the Program Account from the billing commencement date through the end of the month in which billing commences. If a Program Account is opened on any day other than the first day of a billing month or quarter, as applicable, the program fee is prorated to the end of the billing month or quarter. Program fees are debited from the client’s Program Account or another account or product that the client designates for the purpose of payment of fees, as authorized in the client’s client service agreement, SIS, or other account-opening documentation. LFA may, in its sole discretion, permit program fees to be debited from commission-based accounts, other accounts outside of Premier, and, when applicable, directly from annuity contracts held within Premier. The maximum annual program fee is 3.00% of the client’s assets under management. However, there is a minimum annual Sponsor Fee of \$250 per household in Premier, which will result in an annual program fee percentage above 3.00% if the client’s household assets under management in Premier fall below a certain threshold. LFA’s policy in determining client accounts that qualify as a household generally defines a “household” as accounts of spouses, domestic partners, and their minor children all residing at the same address and a client’s associated trusts and businesses. The total amount of assets within a client’s household will be aggregated upon the client’s request to achieve certain fee breakpoints and certain applicable annual minimums. The householding policy applies to the Sponsor Fee and Adviser Fee components of your program fee in the Premier Plus Program and does not discount or apply to any other fees, costs, or expenses associated with your Premier Plus Program account. In certain circumstances, LFA may, in its sole discretion, permit accounts falling outside of the criteria listed above to be grouped into a household. Fees are negotiated with each client based upon, among other things, the size and complexity of each client’s circumstances. Each IAR will negotiate with each client to determine the fees the client will be charged; therefore, fees vary among IARs and clients and some IARs charge higher fees than other IARs for similar or identical services. The fees charged by each entity providing services to the Premier Plus Program vary based upon the securities and other investment products used, the size of the client’s account and/or household, and other factors.

The total program fee paid by the client in the Premier Plus Program includes LFA’s platform and administrative fees (the “Sponsor Fee”), which are shared between LFA and IARs qualifying for AUM discounts (as described below), and the IAR’s fees (the “Adviser Fee”), which are shared between the IAR and LFA in accordance with a compensation “grid” negotiated between the IAR and LFA. Because the Sponsor Fee and Adviser Fee are asset-based fees, LFA and IARs have a conflict of interest given their financial incentive to: (i) recommend that you participate in the Premier Plus Program; (ii) exercise their discretion to set Sponsor Fee and Adviser Fee rates at levels that generate the highest possible revenue and profit to them, which will result in correspondingly higher expenses for you; and (iii) recommend that you increase the amount of your assets invested through the Premier Plus Program, which will result in LFA’s and the IAR’s receipt of higher Sponsor Fee and Adviser Fee payments and correspondingly higher expenses for you. Additionally, because Sponsor Fee and Adviser Fee calculations are based on the total market value of your assets under management, without deducting the balance of any margin loan, SBLOC, other line of credit, or lien against your account, LFA and IARs have a conflict of interest given their financial incentive to recommend that you use margin loans, SBLOCs, and other available lines of credit

since your use of those products will maintain or increase the assets in your account on which the Sponsor Fee and Adviser Fee are charged and the value of your account is not reduced by the amount of the margin loan, SBLOC, or other line of credit, resulting in LFA's and the IAR's receipt of higher Sponsor Fee and Adviser Fee payments and correspondingly higher expenses for you. LFA mitigates these conflicts of interest by disclosing them to you and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

Please see the following description of applicable program fee components and their standard ranges in the Premier Plus Program.

### **Premier Plus Program**

For all Premier Plus Program accounts, you will pay the following standard annual fee ranges:

- **Sponsor Fee:** Up to 0.20% of account assets
- **Adviser Fee:** Up to 2.50% of account assets

In addition to these asset-based program fees, Premier Plus Program clients incur separate fees, costs, and expenses for transactions, trading (the buying and selling of securities), and execution in Premier Plus Program accounts. These transaction, trading, and execution fees, costs, and expenses vary depending on the type of mutual fund (*e.g.*, transaction fee ("TF") mutual funds versus no transaction fee ("NTF") mutual funds) or other security or investment product being purchased or sold. Further, Premier Plus Program clients incur separate brokerage service charges for various services provided by their broker-dealer of record in connection with their Premier Plus Program accounts.

For Premier Plus Program accounts held with NFS and for which LFA serves as broker-dealer of record, these transaction, trading, execution, and brokerage service charges are established, controlled, and charged by LFA in its sole discretion as the broker-dealer of record for your Premier Plus Program account and are detailed in the LFA Fee Schedule, which is provided to you at account opening, will change over time, and can be found on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost. LFA imposes these transaction, trading, execution, and brokerage service charges to, among other things, defray its costs associated with trade execution and related services and to compensate it for the various services it provides as your broker-dealer. LFA generally sets these transaction, trading, execution, and brokerage service charges at amounts and rates that are higher than the related fees, costs, and expenses, if any, that LFA pays to NFS for clearance and execution of transactions and related services. For certain charges imposed by LFA (*e.g.*, charges related to the transfer of clients' non-retirement account assets to another firm ("ACAT Exit Fees")), LFA pays no related fees, costs, or expenses to NFS. These are sometimes called "markups" and they vary by product, the type of service provided, the nature and amount of transactions involved (if applicable), the type of account, and other factors. This practice generally will result in your payment of higher fees, costs, and expenses than you would otherwise pay to NFS or other available service providers (*e.g.*, on margin loans, cash debits, and SBLOCs and for transaction, trading, execution, and brokerage service charges) and your receipt of lower interest rates and other payments than you would otherwise receive from NFS or other available service providers (*e.g.*, on FCASH balances, short positions, and cash balances in accounts not selecting a cash sweep vehicle).

As a result, these transaction, trading, execution, and brokerage service charges are a significant source of revenue and profit for LFA and LFA has a conflict of interest given its financial incentive to: (i) recommend itself as the broker-dealer of record and NFS as the custodian for your Premier Plus Program account (rather than other available broker-dealers and custodians), which enables LFA to establish, control, and charge these fees; (ii) exercise its discretion to set the amounts and rates of these charges at levels that generate the highest possible revenue and profit for LFA, which will result in correspondingly higher expenses for you; (iii) recommend specific products, share classes, transactions, and other activities that result in LFA's receipt of the highest rate and amount of these charges, rather than other available products, share classes, transactions, and activities that generate relatively lower or no charges for LFA and would result in correspondingly lower expenses for you; and (iv) recommend that you frequently transact in products and share classes, and frequently engage in transactions and activities, that generate the highest rate and amount of these charges for LFA. For example, because transaction, trading, and execution fees, costs, and expenses vary depending on the type of mutual fund (*e.g.*, TF mutual funds versus NTF mutual funds) or other security or investment product being purchased or sold, LFA earns more

from, and has a financial incentive to recommend, transactions involving securities and other investment products with the highest transaction, trading, and execution charges, which will result in higher expenses for you, rather than other available securities and investment products with relatively lower or no transaction, trading, and execution charges. By way of example, as of the date of this Brochure, you would incur, and LFA would receive, a \$9 charge for the first 1,000 listed equity shares you trade, a \$40 charge for a corporate bond you trade, a \$15 minimum charge for a TF mutual fund you trade, and no charge for an NTF mutual fund you trade. This example is illustrative only and is not intended to reflect the actual transaction, trading, and execution charges you will incur. Please refer to the current LFA Fee Schedule, which is available on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost, for a detailed description of the actual transaction, trading, execution, and brokerage service charges applicable to your Premier Plus Program accounts at NFS for which LFA serves as broker-dealer of record.

LFA mitigates these conflicts of interest by disclosing them to you; providing you with the LFA Fee Schedule, which discloses the amount and rate of transaction, trading, execution, and brokerage service charges you will incur for your Premier Plus Program account, the services you receive, and the securities and other investment products you purchase, hold, and sell in your account; not sharing any transaction, trading, execution, or brokerage service charges with the IARs that recommend products, share classes, transactions, strategies, or services for your account; and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. See the Other Client Fees and Expenses section below for further information on transaction, trading, execution, and brokerage service charges, LFA's role as broker-dealer of record on your Premier Plus Program account, and LFA's related conflicts of interest.

On rare occasions, and solely on an exception basis, LFA permits IARs, upon request, to voluntarily pay particular transaction, trading, execution, or brokerage service charges on behalf of their clients. These requests are rare and typically occur when new IARs or clients initially transition assets from an outside firm into LFA or when an existing LFA client transfers assets to a new LFA account; however, they do occur in other circumstances. IARs have neither the independent discretion nor the responsibility to pay transaction, trading, execution, or brokerage service charges on behalf of their clients. Notwithstanding the foregoing, clients should always assume that they will be subject to all of the transaction, trading, execution, and brokerage services charges disclosed in their account-opening documentation, including, where applicable, the LFA Fee Schedule.

Transaction, trading, execution, and brokerage service charges applicable to Premier Plus Program accounts for which LFA does not serve as the broker-dealer of record, including, but not limited to, accounts for which Fidelity Brokerage Services LLC ("FBS") serves as broker-dealer of record and accounts on Fidelity's tax-exempt recordkeeping platform, are set by the broker-dealer of record for your account (e.g., FBS), are detailed in your account-opening documentation, and will change over time. Please refer to your account-opening documentation, including applicable transaction, trading, execution, and brokerage service fee schedules, for additional information.

### **Additional Information**

For additional information regarding the total program fee applicable to your Premier Plus Program account, including detailed information regarding program fee components and calculation methodologies, please review your client service agreement, SIS, and, as applicable, the Total Program Fee Guide provided with your SIS. LFA's current Total Program Fee Guide, which describes the program fees generally applicable to new accounts in Premier, also is available on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures.

### **STEP-OUT TRADING**

Investment managers that have the discretion to execute "step-out" trades with broker-dealers other than NFS will incur additional transaction, trading, or execution fees that client will pay as a result of a step-out trade. Additional transaction, trading, or execution fees resulting from "step-out" trades will increase the client's cost and negatively impact investment performance. However, a step-out trade can potentially allow the investment manager to achieve better price execution. In addition, some investment managers do not pass the additional fees or costs on to the client. In cases where an asset-based fee that includes the cost of advisory, brokerage, and custodial services (*i.e.*, a "wrap fee") is assessed, the asset-based fee

does not cover charges resulting from “step-out” trades effected by an investment manager with broker-dealers apart from NFS.

Investment managers are generally free to consider other broker-dealers’ trading capabilities versus NFS’s trading capabilities as part of their duty to seek best-execution and obligations as investment advisers. Investment managers may decide to “step-out” for a variety of reasons, including to obtain an optimal combination of price and service for the client or to satisfy the investment manager’s best execution obligation. Investment managers have the discretion to utilize step-out trades in circumstances including, but not limited to, those involving equity securities, fixed-income securities, derivatives (*e.g.*, options), thinly-traded securities, illiquid securities, and ETFs. A “step-out” trade occurs in some instances when an investment manager purchases equity securities, fixed-income securities, derivatives (*e.g.*, options), thinly-traded securities, illiquid securities, ETFs, or other securities from a different broker-dealer or the broker or dealer selling the securities to obtain a more favorable price or because the particular security is not available through NFS. In other instances, a “step-out” trade occurs when the investment manager executes a single trade for multiple clients by aggregating orders into a single “block.” A “block” trade can potentially provide the client with a better overall price and/or return because a single order can potentially result in better execution versus placing multiple separate orders. When an investment manager executes a “block” order, that investment manager is seeking to obtain the best-execution and best price. Aggregating transactions into a single trade can potentially afford the investment manager more control over the execution of the trade, including potentially avoiding an adverse effect on the price of the security that could result from effecting a series of separate, successive, and/or competing small trades with multiple broker-dealers or clearing firms.

Premier fees do not cover any fees, costs, or expenses resulting from “step-out” trades effected with, or through, broker-dealers or clearing firms other than NFS. They also do not cover any mark-ups or mark-downs (*i.e.*, adjustments to your purchase or sale price above or below the current market price of the applicable security) by any such other broker-dealers or clearing firms. As such, clients are responsible for any such additional transaction, trading, and execution fees, costs, and expenses in addition to the applicable program fees. Additional costs resulting from step-out trades typically are included in the net price of the securities traded and typically are not reflected as separately identifiable charges on your trade confirmations or account statements. It is expected that investment managers would typically consider trades executed through NFS to be without commissions or retail mark-ups or mark-downs when comparing the cost of trading securities with other broker-dealers. LFA would expect such a comparison by an investment manager to generally result in a decision to execute most trades through NFS. However, investment managers may from time to time believe they are able to obtain better execution utilizing step-out trades. Additionally, certain third-party managers participating in Premier have historically utilized step-out trades for a significant portion, if not all, of their trades in certain strategies available through Premier (including, but not limited to, certain fixed-income, options, and ETF strategies) and likely will continue to do so in the future. As a result, clients utilizing these third-party managers’ strategies will incur all additional fees, costs, and expenses resulting from such step-out trades, which will increase their overall cost of participation in Premier.

Clients should review EPS’s and applicable Strategists’ and Sub-Managers’ Forms ADV, Part 2A to learn if they execute step-out trades and the criteria they use in selecting a broker-dealer or clearing firm to do so. Further information regarding the frequency of EPS, Strategist, and Sub-Manager utilization of step-out trades and a general description of the additional costs related to step-out trades can be found on our website at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv). If you have any questions regarding this information or step-out trading in your account and related costs, please contact your IAR.

## **BEST EXECUTION**

In placing orders for the purchase and sale of securities and directing brokerage to effect these transactions, an investment manager’s primary objective is to obtain the best qualitative execution for clients in each client transaction so that the client’s cost per transaction is the optimal combination of price and service considering all relevant factors, including, but not limited to, the type of security, timeliness of execution, efficiency of execution, and any other relevant considerations. As such, an investment manager may choose to execute “step-out” trades as discussed above. Please see Item 12, Brokerage Practices, below for further information regarding these practices. Further information regarding the frequency of EPS, Strategist, and Sub-Manager utilization of step-out trades and a general description of the additional costs related to step-out trades can be found on our website at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv). If you have any questions regarding this information or step-out trading in your account and related costs, please contact your IAR.

Actual fees charged to a specific client or account vary and are disclosed in the SIS signed by the client upon election of services under Premier. Fees are not charged on the basis of a share of capital gains or capital appreciation of a client's funds or any portion of a client's funds. Additional transaction, trading, execution, and brokerage service charges clients will pay are detailed in their client service agreement, SIS, and other account-opening documentation, including the LFA Fee Schedule or other applicable trading, transaction, execution, and brokerage service fee schedules.

IARs will direct investments into certain securities, including, but not limited to, ETFs and mutual funds that participate in the custodian's designated NTF program. At times, these ETFs and mutual funds may elect to cease participation in the custodian's NTF program. LFA and IARs have no control over, or discretion regarding, the mutual funds that are included within NFS's NTF mutual fund program. Please see the Other Client Fees and Expenses section below for further information on NTF and TF mutual fund fees, costs, and expenses. Some mutual funds and custodians impose a short-term redemption fee upon liquidation of a mutual fund position if that position was not held for a sufficient amount of time as described in the applicable mutual fund's prospectus. None of LFA, the IAR, custodian, or EPS determines or receives any portion of the short-term redemption fee imposed by a mutual fund.

## **TERMINATING ACCOUNTS**

A Program Account may be terminated by LFA or the client by providing written notice to the other party. Upon termination of your participation in a Premier program for which program fees are charged in advance (*i.e.*, at the beginning of the applicable billing period), you will be entitled to a pro-rata refund of any prepaid, unearned monthly or quarterly program fees, as applicable, based upon the number of days remaining in the month or quarter after termination. Applicable pro-rata refunds will be made within a reasonable amount of time following termination in accordance with LFA's standard refund processing timelines. Upon termination of your participation in a Premier program for which program fees are charged in arrears (*i.e.*, following the completion of the applicable billing period), any and all unpaid but earned monthly or quarterly program fees, as applicable, will be immediately due and payable to LFA and the other parties providing services to your account. Please refer to your client service agreement, SIS, and other account-opening documentation for additional information regarding the timing of, and methodology used in calculating, your monthly or quarterly program fees and applicable reimbursements.

## **CLEARING FIRM RELATIONSHIP**

Through its clearing relationship with NFS, LFA receives various revenue streams, including, but not limited to: 12b-1 fees on certain Fidelity money market funds used by clients as cash sweep vehicles; revenue sharing payments from NFS based upon clients' cash sweep balances held in NFS's taxable interest bearing cash option, FCASH; interest payments from NFS based upon a portion of the aggregate short market value of clients' accounts; a portion of the interest rate clients pay on margin loans; a portion of the interest rate clients pay on cash debits in their accounts; interest on cash balances in client accounts that have not selected a cash sweep option; a portion of the interest rate clients pay on NFS SBLOCs; all or a portion of the transaction, trading, execution, and brokerage service charges established, controlled, and charged by LFA and disclosed in the LFA Fee Schedule; annual and other business development credits, as further described herein; and account transfer cost credits, as further described herein.

LFA's receipt of these and other revenue streams through its clearing relationship with NFS supports and defrays the costs LFA has related to the ongoing operational and administrative maintenance of client accounts and compensates LFA for the various services it provides in its role as broker-dealer of record and/or program sponsor for such client accounts. LFA's receipt of these revenue streams is a factor that LFA considers when selecting a custodian and clearing firm, such as NFS, for its programs and client accounts. This presents a conflict of interest for LFA given LFA's financial incentive to select custodians and clearing firms like NFS through which LFA will receive the highest rate and amount of revenue, rather than other available custodians and clearing firms through which LFA will receive relatively lower or no revenue. Additionally, this presents a conflict of interest for LFA given LFA's financial incentive to recommend itself as your broker-dealer of record (rather than other available broker-dealers), which affords LFA the discretion to set the amounts and rates of many of the charges that result in these revenue streams in a manner that generates the highest possible revenue to LFA. For example, when LFA serves as your broker-dealer of record, LFA generally exercises its discretion to set these charges at amounts and rates that are higher than the related fees, costs, and expenses, if any, that LFA pays to NFS for clearance and execution of transactions and related services. For certain charges imposed by LFA (*e.g.*, ACAT Exit Fees), LFA pays no related fees, costs, or expenses to NFS. These are sometimes called "markups" and they vary by product, the type of service

provided, the nature and amount of transactions involved (if applicable), the type of account, and other factors. This practice generally will result in your payment of higher fees, costs, and expenses than you would otherwise pay to NFS or other available service providers (e.g., on margin loans, cash debits, and SBLOCs and for transaction, trading, execution, and brokerage service charges) and your receipt of lower interest rates and other payments than you would otherwise receive from NFS or other available service providers (e.g., on FCASH balances, short positions, and cash balances in accounts not selecting a cash sweep vehicle). We mitigate these conflicts of interest by disclosing them to you, crediting your account for 12b-1 fees that we receive as broker-dealer of record from money market and other mutual funds held in your account, ensuring the revenue LFA receives from these sources is not shared with the IARs providing investment advisory services and investment recommendations to you and your account, and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

## **PROGRAM COSTS**

In considering the investment programs described in this Brochure and the services provided by LFA, your broker-dealer (which may also be LFA), the custodian, EPS, and their respective affiliates and representatives, a prospective client should be aware that the program can potentially cost the client more than purchasing the services separately from other investment advisers or broker-dealers. Additionally, a prospective client should be aware that particular Premier investment programs will cost the client more than other individual Premier investment programs, or combinations of other Premier investment programs, through which the client can access similar investment strategies, features, services, and products. The factors that should be considered by a prospective client when evaluating any Premier investment program include, but are by no means limited to: the size of the client's portfolio; the nature of the investments to be managed; the investment strategies to be utilized; applicable transaction, trading, execution, and brokerage service costs; custodial expenses; the client's anticipated level of trading activity; the client's need for ongoing advice and account monitoring; the client's need for other features and services available in the program; the amount of advisory and other fees for managing the client's portfolio; and the client's ability to obtain necessary and desired investment strategies, features, services, and products through other less costly alternatives that are available.

LFA and IARs recommending Premier will receive compensation as a result of a client's participation in the program. The amount of the compensation LFA and your IAR will receive can potentially be higher than what LFA or the IAR would receive if the client participated in other investment programs or paid separately for investment advice, brokerage services, and other services. Additionally, LFA will receive more compensation, and IARs may negotiate higher fees for their services, in connection with a client's participation in certain Premier investment programs than others. Further, IARs who have a certain level of client assets invested in Premier receive quarterly payments from LFA based on a percentage of the aggregate Sponsor Fees paid by their clients ("AUM discounts"). Moreover, certain IARs receive the benefit of discounted Sponsor Fees for Premier, which can potentially allow the IAR to charge a higher Adviser Fee than they otherwise would. Additionally, IARs are eligible for various benefits, including, but not limited to, educational and other opportunities sponsored by LFA and product sponsors, based on their total assets held in Premier. Therefore, the IARs and LFA have a conflict of interest given their financial incentive to recommend that you participate in the programs and services that provide them with the highest rate and amount of overall compensation and benefits, and increase your assets under management in those programs, rather than other available programs and services that result in their receipt of relatively lower or no overall compensation and benefits. In particular, the IARs and LFA have a conflict of interest given their financial incentive to recommend that you participate in Premier, and increase your assets under management in Premier, over other available programs and services for which LFA and the IARs receive relatively lower or no compensation and benefits, such as third-party sponsored programs for which LFA does not receive a Sponsor Fee and for which IARs do not receive additional benefits. Further, LFA and IARs have a conflict of interest as a result of their financial incentive to recommend the Premier investment programs for which they can negotiate and receive the highest or relatively higher compensation. We mitigate these conflicts of interest by disclosing them to you and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

## **OTHER CLIENT FEES AND EXPENSES**

In addition to the program fees and transaction, trading, execution, and brokerage service charges described above, clients will incur applicable fees, costs, and expenses imposed by third parties in connection with the investments made through

their Program Accounts. These fees, costs, and expenses that clients will incur, when applicable, include, but are not limited to: the internal expenses of money market mutual funds (including those used as cash sweep vehicles) and other mutual funds, including, but not limited to, management fees, 12b-1 fees, sub-transfer agency fees, other shareholder servicing expenses, custodial expenses, legal expenses, accounting expenses, transfer agent expenses, administrative expenses, and other operating expenses; mutual fund networking fees; deferred sales charges on previously purchased mutual fund shares transferred into a Program Account; other transaction charges and service fees; and other charges permitted or required by law. LFA receives all or a portion of certain of these fees, including, but not limited to, 12b-1 fees, and, as such, LFA has a conflict of interest given its financial incentive to recommend that you use products, share classes, and strategies that provide LFA the highest rate and amount of compensation, rather than other available products, share classes, and strategies that provide LFA relatively lower or no compensation. We mitigate this conflict of interest by disclosing it to you, crediting your account for 12b-1 fees that we receive as broker-dealer of record from money market and other mutual funds held in your account, not sharing any of these revenues with the IARs that recommend transactions or strategies for your account, and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. Further information regarding the various fees, costs, and expenses charged by a money market mutual fund or other mutual fund, ETF, annuity, or other security or investment product is available in the applicable prospectus or other offering documents.

A client can invest in mutual funds and other securities and investment products directly, without the services of LFA or an IAR. In that case, the client will not receive the services provided by LFA or the IAR, which are designed, among other things, to assist the client in determining on an ongoing basis which mutual funds or other investments are suitable for and in the best interest of the client given the client's investment objectives, financial circumstances, and other characteristics. Accordingly, the client should review both the fees charged and expenses incurred by the mutual funds and other securities and investment products and the fees charged and services provided by LFA and the IAR to understand the total amount of fees to be paid by the client and thereby evaluate the services being provided.

As described above, other costs that will be charged to the client, when applicable, and that are not part of the program fee include, but are not limited to: transaction, trading, and execution charges; brokerage service charges, including, but not limited to, inactive brokerage account fees, cash management account fees, retirement account termination fees, ACAT Exit Fees, AI custody and valuation fees, electronic fund and wire transfer fees, overnight check fees, returned check fees, stop payment fees, interest on cash debit balances, fees for legal transfers and legal returns of stock certificates, securities safekeeping fees for physical certificates, reorganization fees, fees for direct registration of securities, quarterly paper statement and trade confirmation delivery fees, and tax return filing fees; fees for "step-out" portfolio transactions executed away from your custodian and clearing firm; dealer mark-ups and mark-downs (*i.e.*, adjustments to your purchase or sale price above or below the current market price of the applicable security); spreads paid to market-makers; exchange fees; regulatory fees; and other fees and charges customary to securities brokerage accounts.

Transaction, trading, and execution fees will apply when certain assets are traded in the Premier Plus Program or are liquidated prior to LFA and its IARs commencing investment management services. Transaction, trading, and execution fees, costs, and expenses vary depending on the type of mutual fund (*e.g.*, TF mutual funds versus NTF mutual funds) or other security or investment product being purchased or sold. For accounts for which LFA serves as broker-dealer of record, transaction, trading, execution, and brokerage service fees, costs, and expenses are detailed in the LFA Fee Schedule, which is provided to you at account opening, will change over time, and can be found on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost. Trading, transaction, execution, and brokerage service charges applicable to accounts for which LFA does not serve as the broker-dealer of record, including, but not limited to, accounts for which FBS serves as broker-dealer of record and accounts on Fidelity's tax-exempt recordkeeping platform, are set by the broker-dealer of record for your account (*e.g.*, FBS), are detailed in your account-opening documentation, and will change over time. Please refer to your account-opening documentation, including applicable transaction, trading, execution, and brokerage service fee schedules, for additional information.

Where LFA is the broker-dealer of record on Premier Plus Program accounts, LFA acts as a broker for transactions in Program Accounts and establishes, controls, and charges transaction, trading, execution, and brokerage service charges as described in the LFA Fee Schedule to, among other things, defray its costs associated with trade execution and related services and to compensate it for the various services it provides as your broker-dealer. When LFA serves as the broker-dealer on your Program Accounts, LFA has a duty to ensure that its transaction, trading, and execution charges are

reasonable in light of LFA's best execution responsibilities. LFA utilizes NFS for several services related to some of the accounts in Premier, including clearance and execution services, through a fully-disclosed clearing agreement. LFA generally sets its transaction, trading, execution, and brokerage service charges at amounts and rates that are higher than the related fees, costs, and expenses, if any, that LFA pays to NFS for clearance and execution of transactions and related services. For certain charges imposed by LFA (e.g., ACAT Exit Fees), LFA pays no related fees, costs, or expenses to NFS. These are sometimes called "markups" and they vary by product, the type of service provided, the nature and amount of transactions involved (if applicable), the type of account, and other factors. This practice generally will result in your payment of higher fees, costs, and expenses than you would otherwise pay to NFS or other available service providers (e.g., on margin loans, cash debits, and SBLOCs and for transaction, trading, execution, and brokerage service charges) and your receipt of lower interest rates and other payments than you would otherwise receive from NFS or other available service providers (e.g., on FCASH balances, short positions, and cash balances in accounts not selecting a cash sweep vehicle).

As a result, these transaction, trading, execution, and brokerage service charges are a significant source of revenue and profit for LFA and LFA has a conflict of interest given its financial incentive to: (i) recommend itself as the broker-dealer of record and NFS as the custodian for your Premier Plus Program account (rather than other available broker-dealers and custodians), which enables LFA to establish, control, and charge these fees; (ii) exercise its discretion to set the amounts and rates of these charges at levels that generate the highest possible revenue and profit for LFA, which will result in correspondingly higher expenses for you; (iii) recommend specific products, share classes, transactions, and other activities that result in LFA's receipt of the highest rate and amount of these charges, rather than other available products, share classes, transactions, and activities that generate relatively lower or no charges for LFA and would result in correspondingly lower expenses for you; and (iv) recommend that you frequently transact in products and share classes, and frequently engage in transactions and activities, that generate the highest rate and amount of these charges for LFA. For example, because transaction, trading, and execution fees, costs, and expenses vary depending on the type of mutual fund (e.g., TF mutual funds versus NTF mutual funds) or other security or investment product being purchased or sold, LFA earns more from, and has a financial incentive to recommend, transactions involving securities and other investment products with the highest transaction, trading, and execution charges, which will result in higher expenses for you, rather than other available securities and investment products with relatively lower or no transaction, trading, and execution charges. By way of example, as of the date of this Brochure, you would incur, and LFA would receive, a \$9 charge for the first 1,000 listed equity shares you trade, a \$40 charge for a corporate bond you trade, a \$15 minimum charge for a TF mutual fund you trade, and no charge for an NTF mutual fund you trade. This example is illustrative only and is not intended to reflect the actual transaction, trading, and execution charges you will incur. Please refer to the current LFA Fee Schedule, which is available on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost, for a detailed description of the actual transaction, trading, execution, and brokerage service charges applicable to your Premier Plus Program accounts at NFS for which LFA serves as broker-dealer of record.

LFA mitigates these conflicts of interest by disclosing them to you; providing you with the LFA Fee Schedule, which discloses the amount and rate of transaction, trading, execution, and brokerage service charges you will incur for your Premier Plus Program account, the services you receive, and the securities and other investment products you purchase, hold, and sell in your account; not sharing any transaction, trading, execution, or brokerage service charges with the IARs that recommend products, share classes, transactions, strategies, or services for your account; and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

When acting as the broker-dealer of record on your account, LFA is responsible for and performs a number of broker-dealer functions and services with respect to your account and any securities transactions therein. LFA's responsibilities include, but are not limited to: collecting, verifying and maintaining documentation about you and your account; approval and acceptance of your account; reviewing and supervising activities, including trading activities, within your account; reviewing and either accepting or rejecting any transactions within your account; transmission of all orders with respect to your account; supervision of all orders and accounts, including maintaining compliance with best interest standards and regulatory requirements, as applicable; and ensuring that any mutual fund orders are in compliance with the terms of the applicable prospectus. LFA maintains substantial operational, compliance, and technology resources in support of its broker-dealer operations necessary to provide these and other services in connection with your account and any transactions effected in your account.

LFA does not retain 12b-1 fees that it receives as broker-dealer of record from money market and other mutual funds held in Premier accounts. LFA credits 12b-1 fees that it receives as broker-dealer of record from money market and other mutual funds held in client accounts back to the client accounts that generated the 12b-1 fee payments to LFA. However, LFA does not credit 12b-1 fees for any accounts for which it does not serve as the broker-dealer of record, including, but not limited to, accounts for which FBS serves as broker-dealer of record and accounts on the Fidelity tax-exempt recordkeeping platform. Additionally, LFA does not credit client accounts for any 12b-1 fees that clients incur but that are not paid to LFA, including, but not limited to, 12b-1 fees that clients incur but that are paid to NFS or other third parties. For example, all NTF mutual funds participating in NFS's NTF mutual fund program pay NFS, rather than LFA, any 12b-1 fees included as part of their expense ratios. In this case and all similar circumstances where 12b-1 fees are paid to parties other than LFA, LFA does not credit client accounts for these 12b-1 fees and clients will incur the full amount of such 12b-1 fees. **Clients should not assume that they will receive 12b-1 fee credits from LFA or otherwise in any circumstances where (1) LFA is not the broker-dealer of record on their account or (2) 12b-1 fees are paid to parties other than LFA (e.g., in connection with NTF mutual funds' payment of 12b-1 fees to NFS, rather than LFA, in connection with NFS's NTF mutual fund program).**

For complete fee details, please see your client service agreement and SIS, the LFA Fee Schedule or other transaction, trading, execution, and brokerage service fee schedule applicable to your account, and the supporting documentation you received in connection with the program, including applicable mutual fund and other securities and investment product prospectuses and other offering documents.

### **MARGIN AND SECURITIES BACKED LINE OF CREDIT**

If you enter into a margin loan or a securities-backed line of credit, or "SBLOC," with a lender for one of your accounts maintained in Premier, LFA will receive compensation from certain lenders based on the total amount of your outstanding margin loan or SBLOC balance. With margin loans, LFA exercises its discretion to establish, control, and receive a portion of the interest rate that you pay the lender on your outstanding margin loan balance. The amount of interest paid to LFA varies depending on your outstanding margin loan balance and other factors and increases the interest rate that would otherwise be charged to you for the margin loan. With an SBLOC, LFA is compensated through payments from the lender based on the amount of your outstanding loan balance. The total amount of compensation LFA receives varies depending on each individual SBLOC and increases the interest rate that would otherwise be charged to you for the SBLOC. LFA has a conflict of interest as a result of its financial incentive to recommend that you purchase securities that require the use of margin, apply for margin loans and SBLOCs, use margin loans and SBLOCs, and increase the amount of your outstanding margin loan and SBLOC balances because LFA will receive more compensation when you do so. Additionally, in the case of SBLOCs, not all available lenders pay LFA compensation and those that do pay LFA different rates and amounts of compensation. As a result, LFA has a conflict of interest given its financial incentive to recommend that you utilize SBLOCs from lenders that pay LFA the highest rate and amount of compensation, rather than SBLOCs from lenders that pay LFA relatively lower or no compensation.

Additionally, LFA and your IAR have a conflict of interest in recommending that you use margin loans and SBLOCs since their asset-based advisory fees are charged on your total account value, without deducting the balance of any outstanding margin loan or SBLOC. For example, if LFA and your IAR recommend that you utilize a margin loan to purchase securities, the full value of those securities will be subject to LFA's and your IAR's asset-based advisory fees, which will increase the compensation they will receive from you and increase your overall expenses. Similarly, LFA and your IAR have a conflict of interest in recommending that you use margin loans and SBLOCs for liquidity purposes rather than liquidating your holdings or using other sources of liquidity. This is true because LFA and your IAR will financially benefit from your margin loan or SBLOC because you don't have to liquidate assets in your account to pay for things with cash, which would diminish the assets held in the account and the asset-based advisory fees that would be earned by LFA and your IAR from holding and engaging in future transactions with those assets. For example, by encouraging you to take out a margin loan or an SBLOC to fund a purchase or financial need rather than liquidate securities or withdraw cash from your accounts, LFA and your IAR will continue to earn asset-based advisory fees on your full account value, without deducting the balance of your outstanding margin loan or SBLOC. However, your IAR receives no other compensation, fees, or incentives related to your decision to use a margin loan or an SBLOC or maintain a margin loan or SBLOC balance.

## MUTUAL FUND CATEGORIES AND SHARE CLASSES

To the extent that you invest in mutual funds through your Premier account, the mutual funds will either be NTF mutual funds or TF mutual funds. With NTF mutual funds, you will not incur per-trade transaction, trading, or execution fees in connection with each purchase and sale. With TF mutual funds, you will incur per-trade transaction, trading, and execution fees in connection with each purchase and sale as described in the LFA Fee Schedule or other transaction, trading, and execution fee schedule applicable to your account. As mentioned above, internal mutual fund fees and expenses, including, but not limited to, 12b-1 fees, vary across mutual fund products and share classes, including NTF and TF mutual funds, as set forth in the prospectus for each mutual fund and share class. Please consult with your IAR to ensure you know and understand the types of mutual fund products and share classes being utilized in your account and their applicable fees and expenses, including internal expenses and transaction charges, if any, you will incur when trading such funds and share classes.

When you purchase a money market or other mutual fund that includes a 12b-1 fee as part of its expense ratio, as disclosed in the mutual fund's prospectus, you will indirectly incur the expense of that 12b-1 fee. 12b-1 fees are typically charged by load-waived Class A and non-institutional share class mutual funds, sometimes also referred to as NTF mutual funds; however, other mutual funds and share classes, including certain TF mutual funds, charge 12b-1 fees and you should refer to your prospectus for specific information regarding your mutual fund and share class. Mutual fund share classes that pay 12b-1 fees typically have higher internal expenses than other available share classes that do not incur 12b-1 fees. However, in many cases 12b-1 fee paying mutual fund share classes do not incur transaction fees when executing a trade at the clearing firm. These higher internal expenses, including 12b-1 fees, are assessed to investors who purchase and hold higher internal expense share classes, including NTF mutual funds. In certain circumstances, NTF mutual funds will cost you more overall than TF mutual funds that assess a transaction charge but have lower internal expenses. In Premier, LFA credits client accounts for 12b-1 fees that LFA receives as broker-dealer of record from money market and other mutual funds held in client accounts, which reduces the net cost to the client by the amount credited. However, as described in greater detail above, LFA does not credit client accounts for: (1) any 12b-1 fees for any accounts for which LFA does not serve as broker-dealer of record, including, but not limited to, accounts for which FBS serves as broker-dealer of record and accounts on the Fidelity tax-exempt recordkeeping platform; and (2) any 12b-1 fees that clients incur but that are not paid to LFA, including, but not limited to, 12b-1 fees paid directly to NFS or other third parties (including in connection with NTF mutual funds' payment of 12b-1 fees to NFS, rather than LFA, in connection with NFS's NTF mutual fund program). Other mutual fund share classes that have lower internal expenses and do not pay 12b-1 fees are available; however, depending on the particular fund, those share classes may incur transaction fees with any purchase or sale. Each share class has eligibility standards as described in the mutual fund's prospectus or statement of additional information.

**As a general matter, clients should not assume that they are always invested in the share class with the lowest internal expenses or costs. Please contact your IAR for more information about share class eligibility, transaction costs, and internal mutual fund expenses, including 12b-1 fees, and please review your mutual fund's prospectus for further information related to the fund's expenses and other important matters.**

Transaction, trading, and execution fees, costs, and expenses vary depending on the mutual fund (e.g., TF mutual funds versus NTF mutual funds) or other security or investment product being purchased or sold in your Premier account and are detailed in the LFA Fee Schedule, which is provided to you at account opening, will change over time, and can be found on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost. Transaction, trading, execution, and brokerage service charges applicable to accounts for which LFA does not serve as the broker-dealer of record, including, but not limited to, accounts for which FBS serves as broker-dealer of record and accounts on Fidelity's tax-exempt recordkeeping platform, are set by the broker-dealer of record for your account (e.g., FBS), are detailed in your account-opening documentation, and will change over time. Please refer to your account-opening documentation, including applicable transaction, trading, execution, and brokerage service fee schedules, for additional information.

In all circumstances where LFA does not serve as the broker-dealer of record for your Premier account—including, but not limited to, when FBS serves as the broker-dealer of record for your Premier account and when your Premier account is held on Fidelity's tax-exempt recordkeeping platform—and you invest in a mutual fund that incurs a 12b-1 fee, because LFA is not the broker-dealer of record on your account, neither LFA nor any IAR receives those 12b-1 fees nor are those 12b-1 fees credited back to your account by LFA or your IAR. Additionally, LFA does not credit client accounts for any 12b-1 fees that clients incur but that are not paid to LFA, including, but not limited to, 12b-1 fees paid directly to NFS or other

third parties. For example, all NTF mutual funds participating in NFS's NTF mutual fund program pay NFS, rather than LFA, any 12b-1 fees included as part of their expense ratios. In this case and all similar circumstances where 12b-1 fees are paid to parties other than LFA, LFA does not credit client accounts for these 12b-1 fees and clients will incur the full amount of such 12b-1 fees. **Clients should not assume that they will receive 12b-1 fee credits from LFA or otherwise in any circumstances where (1) LFA is not the broker-dealer of record on their account or (2) 12b-1 fees are paid to parties other than LFA (e.g., in connection with NTF mutual funds' payment of 12b-1 fees to NFS, rather than LFA, in connection with NFS's NTF mutual fund program).**

Many mutual funds offer multiple share classes that represent the same underlying investments, but have different fees and expenses (including, but not limited to, 12b-1 fees) and differ in their availability for investment based upon certain eligibility requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A (including load-waived A shares), B, and C shares), many mutual funds offer institutional share classes or other share classes that are specifically designed for purchase in accounts enrolled in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in investment advisory programs usually have lower expense ratios than other share classes. However, these share classes usually have higher transaction costs and may have certain eligibility criteria as described in the mutual fund's prospectus or statement of additional information.

**As a general matter, clients should not assume that their assets will always be invested in the share class with the lowest possible expense ratio. Your IAR may recommend, select, or have your account hold a mutual fund share class that charges higher internal expenses than other available share classes for the same fund.**

Your IAR's assessment of the appropriate share class is based on a range of different considerations, including, but not limited to: whether transaction charges are applied to the purchase or sale of the particular mutual fund or share class; your anticipated level of trading activity in the mutual fund or share class; your anticipated holding period for the mutual fund or share class; the asset-based advisory fee charged for your account; the overall cost structure of the advisory program, including the Sponsor Fee; operational considerations associated with accessing or offering particular share classes (including the presence of selling agreements with the mutual fund sponsors and the ability to access particular share classes through the custodian); and share class eligibility requirements. The factors considered, and the weighting of the importance of each of these factors, varies among IARs. The transaction costs and advisory program cost structure are determined by your broker-dealer and LFA, respectively, and are determined based on factors such as the availability of cost sharing, 12b-1 distribution fees, shareholder servicing fees, and other compensation associated with offering a particular class of shares.

In selecting or recommending particular mutual fund share classes, IARs may (but are not required to) consider the overall costs and expenses associated with providing ongoing advice and services to the client. Accordingly, the advisory fees that are charged on an account or in the aggregate at the client relationship level may take into consideration the mutual fund share classes in which clients are invested. Clients that are invested in institutional share classes could have higher advisory fees and be assessed higher transaction charges and surcharges for the purchase and sale of mutual funds. Conversely, clients that are invested in retail share classes could be charged lower advisory fees, have lower transaction charges, and receive 12b-1 credits or other fee offsets to reduce the impact of being invested in a share class with higher internal expenses. Clients that prefer or request that transaction charges be minimized or avoided will be invested in share classes with higher internal expenses but lower or no transaction-based charges (such as NTF mutual funds). The higher internal expenses charged to clients who hold higher internal expense share classes, including NTF mutual funds, will adversely affect the performance of their account when compared to other available share classes of the same funds that assess lower internal expenses. Please contact your IAR for more information about share class eligibility, transaction costs, and internal mutual fund expenses, and please review your mutual fund's prospectus for further information related to the fund's expenses and other important matters.

## **CUSTODIAN AND CLEARING FIRM RELATIONSHIPS**

LFA has a conflict of interest given its financial incentive to select or recommend NFS as the custodian for client accounts, increase or maintain the amount of client assets held with NFS, and maintain its relationship with NFS given the compensation that LFA and its affiliates receive through their custody and clearing arrangements with NFS. For example, in addition to the various revenue streams described above, under the clearing agreement between LFA and NFS, LFA receives annual business development credits from NFS during the term of the clearing relationship, has received non-recurring business development credits from NFS, and is required to make certain payments to NFS if LFA's clearing

relationship with NFS is terminated for specified reasons or if LFA fails to maintain specified levels of client assets with NFS. Additionally, LFA receives reimbursements for account transfer costs associated with client account transfers into NFS that represent new assets for NFS. LFA's receipt of these business development credits and account transfer cost reimbursements, as well as its receipt of the various other revenue streams described herein, presents a conflict of interest for LFA given its financial incentive to: (i) select NFS as the custodian for client accounts, rather than other available custodians and clearing firms through which LFA receives relatively lower or no business development credits, account transfer cost reimbursements, and other compensation and (ii) recommend that clients transfer assets to, and increase their assets held with, NFS, rather than other available custodians that provide LFA relatively lower or no business development credits, account transfer cost reimbursements, and other compensation. Additionally, account transfer cost credits are not offered or available to all new clients transferring their assets to NFS. This creates a conflict of interest for the IAR because he or she selects which clients, if any, receive the benefit of the account transfer cost reimbursements. We mitigate these conflicts by disclosing them to you, attempting to ensure that any account transfer cost reimbursements provided to clients are directly proportional to the actual costs incurred by the clients in transferring their accounts to NFS, and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

LFA has arrangements with NFS and other custodians under which LFA provides the custodians with certain services, which vary by custodian. These services generally include, but are not limited to, (i) clerical assistance in completing account opening paperwork and opening client accounts, (ii) clerical assistance in maintaining client accounts, processing asset transfers and money movement, (iii) reconciling and assisting in updating client account information, (iv) clerical assistance in connection with client questions and account information research, (v) helping clients with using brokerage and account services such as periodic investment programs and check writing services, (vi) notifying custodian of certain customer complaints, and (vii) monitoring activity in client accounts.

## **COMPENSATION FOR THE SALE OF SECURITIES**

Clients have the option to purchase securities and other investment products recommended by LFA and the IARs through other brokers or agents that are not affiliated with LFA. Commissions and other compensation for the sale of securities and other investment products provide other sources of compensation for LFA and many of the IARs; however, commissions are not charged by LFA or the IARs in connection with transactions in Premier (though clients will incur applicable transaction, trading, execution, and brokerage service charges as detailed in their account-opening documentation).

Depending on which products and services you purchase and use, you will receive materials that disclose important information, such as product prospectuses, client service agreements, SISs, applications, and disclosure brochures. You should read and evaluate this information carefully and contact your IAR with any questions.

LFA has agreements with many mutual fund families, AI sponsors, insurance companies, third-party (or turn-key) asset management program ("TAMP") sponsors, Strategists, and other counterparties (collectively, "sponsors") under which sponsors provide additional compensation, sometimes called "marketing support," to LFA. These marketing support payments subsidize the cost of educational programs and marketing activities that are designed to help facilitate the utilization of these sponsors' programs, products, and services and to make our IARs more knowledgeable about these sponsors' programs, products, and services. In addition, these payments allow these sponsors' representatives to attend and participate in LFA conferences where IARs are present, one-on-one marketing meetings, and due diligence presentations. In some cases, these payments also compensate LFA for administrative services it provides in connection with the sponsors' product offerings. The method, timing, rate, and amount of these marketing support payments vary by sponsor, program, product, share class, asset class, investment strategy, and service, but marketing support payments typically are paid using one or more of the following methodologies: payment of a percentage of each sale (or of the premium paid on annuities and insurance products); payment of a flat amount per sales transaction; payment of an annual fee based on a percentage of total LFA client assets held with the sponsor; and/or payment of a flat annual fee. Payment rates and amounts vary by sponsor, but, as of the date of this Brochure, sponsors generally pay LFA: up to 1.5% of the gross amount of each sale (or of the premium paid on annuities and insurance products); up to \$250 per sales transaction; up to 0.15% annually of total LFA client assets held with the sponsor; and/or flat annual fees that do not exceed \$1,900,000 annually. Accordingly, with respect to the arrangements where payments are based on a percentage of each sale (or of the premium paid on annuities and insurance products), a flat amount per sales transaction, or total client assets held with the sponsor, the payments LFA receives will increase with the amount of client assets placed with the sponsor.

In addition to the marketing support payments that LFA receives through the formal marketing support arrangements described above, sponsors, including, but not limited to, those that have formal marketing support arrangements with LFA, make flat dollar payments to LFA from time to time. These payments are not made as part of any formalized agreement, but rather for specific activities, including, but not limited to, exhibit booth space, presentation opportunities at LFA meetings or similar events, attendance at conferences, educational events for IARs, and participation in other training and educational events. Some sponsors also reimburse LFA and, indirectly, IARs for certain expenses in connection with due diligence meetings, training and educational events, seminars that offer educational opportunities for clients, and similar events. Some sponsors also provide LFA and IARs with nominal gifts and gratuities, including, but not limited to, merchandise bearing the brand or logo of the sponsor.

The marketing support payments LFA receives from sponsors create financial incentives for LFA that result in conflicts of interest for LFA. In particular, LFA has a conflict of interest given its financial incentive to include the sponsors, programs, products, share classes, and services that make marketing support payments to LFA on LFA's platform and to recommend that you utilize sponsors, programs, products, share classes, and services that make such payments to LFA, rather than sponsors, programs, products, share classes, and services that do not make such payments to LFA. In addition, LFA has a financial incentive to include the sponsors, programs, products, share classes, and services that make the highest rate and amount of marketing support payments to LFA on LFA's platform and to recommend that you utilize those sponsors, programs, products, share classes, and services, rather than sponsors, programs, products, share classes, and services that make relatively lower or no marketing support payments to LFA. Additionally, certain sponsors make marketing support payments to LFA only in connection with certain programs, products, share classes, asset classes, investment strategies, and services (and not others that are available), and certain sponsors pay LFA more or less marketing support depending on the particular program, product, share class, asset class, investment strategy, or service used. Given these facts, LFA has a conflict of interest given its financial incentive to recommend that you use the programs, products, share classes, asset classes, investment strategies, and services that generate the highest rate and amount of marketing support payments to LFA, rather than other available programs, products, share classes, asset classes, investment strategies, and services that generate relatively lower or no marketing support payments to LFA. Further, LFA limits the third-party variable annuities and fixed indexed annuities that are available through LFA to those offered by sponsors that make marketing support payments to LFA. As a result, LFA and IARs cannot recommend variable annuities or fixed indexed annuities from third-party sponsors that do not make these payments to LFA and that could potentially cost you less overall and otherwise be in your best interest. This presents a conflict of interest for LFA and IARs given their financial incentive to recommend the variable annuities and fixed indexed annuities that are available through LFA's platform. LFA mitigates these conflicts of interest by disclosing them to you, not sharing any marketing support payments with the IARs that recommend sponsors, programs, products, share classes, asset classes, investment strategies, or services for your account, and requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

You should be aware that there are sponsors, programs, products, share classes, asset classes, investment strategies, and services available through LFA that do not pay LFA any marketing support payments and therefore are likely to be less expensive for you to use than sponsors, programs, products, share classes, asset classes, investment strategies, and services that do make such payments to LFA.

For up-to-date information regarding LFA's marketing support arrangements, including a list of sponsors with which LFA has formal marketing support arrangements, a description of the revenue LFA receives, and LFA's related conflicts of interest, please see the marketing support disclosures available on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures. Please review these marketing support disclosures in detail and discuss any questions you may have with your IAR.

LFA, the IARs, and clients also receive the benefit of certain services provided by program sponsors and custodians. These services include performance reporting, statement creation and delivery, technology systems including online access to account information, fee liquidation, notification and payment services, marketing material and other services related to the management of investment advisory accounts. Some of these services will result in additional fees, costs, and expenses to LFA, the IARs, and clients, while others are packaged and available as part of an investment advisory program without itemization of the cost of each product or service.

## IAR COMPENSATION

Some IARs receive additional compensation and benefits (including, but not limited to, AUM discounts and educational and other opportunities) for reaching certain levels of assets under management in LFA's investment advisory programs and certain other benefits (including, but not limited to, recognition trips) for generating a certain amount of revenue in investment advisory fees, commissions, or both within a certain time period, typically one year. Clients are not charged any additional fees due to these circumstances. However, IARs' receipt of additional compensation and benefits presents a conflict of interest for IARs that has the potential to affect IARs' judgment and the recommendations and selections they make for you and your accounts. In particular, these forms of compensation and benefits incentivize your IAR to recommend that you bring your assets from another firm to LFA, increase the amount of assets in your account, and purchase products and services through LFA. We mitigate this conflict of interest by disclosing it to you and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

Most IARs can recommend annuities, model portfolios, and other products that are managed and/or sold by Lincoln Financial Group companies, including, but not limited to, LNL and Lincoln Life & Annuity Company of New York ("LLANY"), provided that the recommendations are suitable and in the client's best interest given the client's investment objectives, financial circumstances, and other characteristics. IARs, LFA, and other Lincoln Financial Group companies will profit when LFA clients purchase or use Lincoln Financial Group products as a result of IARs' recommendations. This presents a conflict of interest as LFA and the IARs have a financial incentive to recommend products based on the compensation they and their affiliates receive, rather than on a client's needs. We mitigate this conflict of interest by disclosing it to you and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

In some cases, IARs receive more compensation when placing Lincoln Financial Group manufactured products and qualify for additional compensation based on the volume of those sales over time. IARs also receive additional compensation and other incentives based on factors including sales volume of certain Lincoln Financial Group products, the length of time that clients keep assets in the products, and the profitability of the products. IARs also receive compensation based on the sales of Lincoln Financial Group products by other representatives. Some IARs participate in benefit programs whose costs are partially reimbursed by Lincoln Financial Group affiliates, and/or which are based on sales volume of Lincoln Financial Group products. LFA-affiliated companies also benefit financially from the sale of Lincoln Financial Group life insurance, annuity, mutual fund, asset management, and other products offered by IARs. These arrangements present conflicts of interest for LFA and IARs as they create financial incentives for LFA and IARs to recommend products for which they and their affiliates receive the highest rate and amount of compensation and other benefits, rather than other available products for which they and their affiliates receive relatively lower or no compensation and benefits. We mitigate this conflict of interest by disclosing it to you and attempting to ensure that IARs' and LFA registered representatives' recommendations are in your best interest, including by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. Because of the way products are priced and marketed, in certain circumstances, IARs will receive higher compensation for the sale of products offered by companies not affiliated with Lincoln Financial Group. In these circumstances, IARs have a conflict of interest given their financial incentive to recommend these other products.

Certain IARs who move their practices to LFA receive significant loans from LFA to help facilitate their transition from a prior firm to LFA. These loans are based on a percentage of the revenue earned, compensation received, or assets serviced or managed by the IAR at his or her prior firm. LFA makes these loans to IARs at interest rates and on other terms that are more favorable than IARs would be able to obtain from other lenders. Depending on the arrangement between LFA and the IAR, the repayment of these loans is fully or partly forgiven or waived by LFA when the IAR reaches specified sales or revenue generation levels or when the IAR has been affiliated with LFA for a specified length of time. With respect to loans that are forgiven or waived by LFA based on sales or revenue generation, certain loans are forgiven or waived by LFA based on the IAR's total sales and revenue generation across all products and services offered through LFA, including both Lincoln Financial Group and non-Lincoln Financial Group products and services, while other loans are forgiven or waived by LFA based solely upon the IAR's accumulation of assets in LFA's Premier investment advisory programs or sale of other proprietary Lincoln Financial Group products and services. In certain circumstances, loan forgiveness and waivers are

also funded by additional compensation for sales and revenue generation. These forgivable loan arrangements create conflicts of interest for the IAR because he or she has an additional financial incentive to remain affiliated with LFA until his or her outstanding loan balance is forgiven or waived by LFA; encourage clients to engage LFA to provide services and, in particular, those services that result in the forgiveness or waiver of his or her outstanding loan balance, rather than other available services (e.g., an IAR may recommend that a client select an LFA investment advisory account relationship over a broker-dealer account relationship in order for the IAR to earn additional loan forgiveness based on his or her accumulation of assets in LFA's Premier investment advisory programs); encourage clients to purchase products and services through LFA and, in particular, those products and services that result in the forgiveness or waiver of his or her outstanding loan balance, rather than other available products and services; and otherwise achieve specified levels of sales or revenue generation that will result in the forgiveness or waiver of his or her outstanding loan balance, which has the potential to impact the account-type, product, and service recommendations and selections the IAR makes for you and your account. LFA has revised its production-based forgivable loan program to implement new required controls and policies. These controls and policies attempt to ensure that the loan amount provided to any IAR is not disproportionate to the IAR's applicable production and compensation amounts earned historically. Additionally, the amount that is forgiven in any one year of the term of the loan is capped, unless an exception is granted. This structure and approach attempt to avoid unduly influencing an IAR to have significant disproportionate production or compensation earned in any given year to attempt to receive a large windfall in having large outstanding loan amounts forgiven. Please see your IAR's Form ADV, Part 2B for additional information regarding any forgivable loans they have outstanding with LFA.

The conflicts of interest arising from the IAR compensation arrangements described above are mitigated by the fact that LFA, LNL, and their affiliated companies have designed and implemented reasonable policies and procedures to help ensure that IARs make recommendations, including account-type recommendations, and provide advice that is suitable for and in the best interest of their clients in compliance with applicable best interest requirements and fiduciary obligations. In particular, LFA mitigates these conflicts by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. In addition, LFA maintains a supervisory system that includes conducting periodic supervisory and compliance inspections and audits related to the advice and recommendations being provided by IARs.

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

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LFA and the IARs do not charge fees based on a share of capital gains or capital appreciation of client assets.

#### **Item 7: Types of Clients**

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LFA generally provides investment advisory services to Premier accounts for individuals, high net worth individuals, pension and profit-sharing plans, charitable organizations, corporations and other businesses, and state or municipal government entities. Requirements for opening and maintaining an account, such as minimum account size, are listed above in the description for each advisory program or service, if applicable.

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

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### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

LFA's investment services generally cover exchange-listed securities, over-the-counter securities, foreign securities, ETFs, warrants, fixed-income securities, options, annuities, insurance products, corporate debt, municipal securities, U.S. Treasury and government agency bonds, unit investment trusts, commercial paper, certificates of deposit, mutual fund shares, and other securities. Certain mutual funds, annuities, insurance products, and other securities and investment products, including money market funds, are managed or distributed by an affiliate of LFA.

#### **Premier Plus Program**

Each IAR managing a Premier Plus Program account chooses his or her own research methods, investment style, and management philosophy. The investment strategies used by IARs include long- and short-term purchases. IARs use a number of sources of financial information in their analyses of securities, including materials made available through EPS, financial publications, research reports, timing and rating services, annual reports, prospectuses and other SEC filings, and

other sources of information. Research services are received in various forms, including written reports, electronic communications, software, meetings, and telephone contacts with individuals and companies in the securities and financial industries. Various methods of analysis are used, including charting, technical analyses, and fundamental analyses.

Within the Premier Plus Program, the IAR directs the investment and reinvestment of client assets in the Program Account. The Program Account is managed by the IAR consistent with an investment style selected by the client using investments including mutual funds, ETFs, stocks, bonds, options, annuities, insurance products, and other investments, as appropriate. On a periodic basis, the IAR will review the client's account and direct the management and allocation of the investments within the account depending on the client's investment objectives. Premier Plus Program accounts generally are managed on a non-discretionary basis. In certain circumstances, and only after specific written consent is obtained from the client and approved by LFA, Premier Plus Program accounts are managed on a discretionary basis by the IAR. Where discretionary authority is granted to the IAR, the authority is limited to trade authorization and does not extend to the transfer of money or securities from the account on behalf of the client, except for the purpose of debiting fees from the Program Account or another account or product designated by the client for the payment of fees. Clients have the ability to impose reasonable limitations or restrictions on the IAR, including the IAR's discretionary authority. Any such limitations must be in writing and may include, as an example, restrictions on the purchase of particular securities, industries, or asset classes.

Where applicable, IARs have the ability to use a holistic approach in managing multiple accounts to a client's objectives and risk tolerance and for tax efficiency. LFA has tools that IARs can utilize in this regard or IARs may use their own expertise in making recommendations to address those concerns. A tool that is available for this purpose is the Multi Account Management ("MAM") system, which allows for the merging of Premier Plus Program accounts into a management group. The management group has a single model attached to it that allows the aggregate of all accounts in the management group to be managed to a single asset allocation, financial objective, and goal. This tool generally will suggest that taxable income producing assets be held in qualified accounts for tax efficiency purposes. The accounts will be grouped into a single performance reporting group, so clients will see their overall allocation in the aggregate in both online and quarterly performance reports. Since this tool operates at a management group level, there will in certain cases be fewer trades per individual account for clients. While the overall asset allocation of the management group will be aligned with the client's overall investment objectives and risk tolerance, the allocation and/or holdings of each individual account will in certain cases vary from the overall investment objective.

## **RISK OF LOSS**

Investments made and the actions taken for client accounts are subject to various material risks, including market, liquidity, currency, economic, and political risks, among others, and will not necessarily be profitable. In addition, there are material risks associated with the securities and other investment products in which you can invest, including, but not limited to, mutual funds, ETFs, interval funds, options, AIs, and annuities. Before investing, clients should refer to the prospectus or other applicable offering documents of those particular securities and investment products for a discussion of material risk factors applicable to those particular securities and investment products and clients' investments therein. Investing in securities involves risk of loss that clients should be prepared to bear. Clients should understand that all investments involve material risk, that investment performance can never be predicted or guaranteed, and that the value of client accounts will fluctuate due to market conditions and other factors. Clients are assuming the material risks involved with investing in securities and could lose all or a portion of the amount held in their account. The performance of accounts managed by different IARs will often vary greatly. Past performance is not a guarantee of future results.

### **Item 9: Disciplinary Information**

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LFA is a registered broker-dealer and investment adviser. LFA and certain of its financial professionals have been the subject of legal and disciplinary events relating to their brokerage and investment advisory businesses. However, LFA does not view these events as being material to a client's evaluation of LFA's advisory business or the integrity of its management. Additional information regarding LFA's and its financial professionals' legal and disciplinary histories can be found in Part 1 of LFA's Form ADV, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), and on the Financial Industry Regulatory Authority, Inc.'s BrokerCheck website at <https://brokercheck.finra.org/>.

## **Item 10: Other Financial Industry Activities and Affiliations**

In addition to LFA's registration as an investment adviser, LFA is also registered as a broker-dealer and sells stocks, bonds, ETFs, mutual funds, annuities, insurance products, options, and other securities, investment products, and services. IARs are also generally registered representatives of LFA. Some of LFA's executive officers are also officers of LNL and LLANY. The proportion of time spent on each of these activities cannot be readily determined.

LFA is affiliated with the following companies due to common ownership by LNC:

- The Lincoln National Life Insurance Company (insurance company);
- Lincoln Life & Annuity Company of New York (insurance company);
- LFA, Limited Liability Company (insurance agency);
- Lincoln Financial Distributors, Inc. (broker-dealer);
- Lincoln Financial Securities Corporation (broker-dealer, investment adviser, and insurance agency);
- Lincoln Investment Advisors Corporation (investment adviser);
- First Penn-Pacific Life Insurance Company (insurance company);
- JPSC Insurance Services, Inc. (insurance agency);
- California Fringe Benefit and Insurance Marketing Corporation (insurance agency);
- LFD Insurance Agency, Limited Liability Company (insurance agency);
- Lincoln Financial Group Trust Company, Inc. (trust company);
- Lincoln Investment Management Company (investment adviser); and
- Westfield Assigned Benefits Company (insurance agency).

LFA and IARs have various conflicts of interest and financial incentives that are created as a result of compensation and other arrangements between IARs, LFA, and LFA's affiliates. These conflicts of interest and the steps LFA takes to mitigate them are described above in Item 5, Fees and Compensation.

LFA periodically recommends or selects other investment advisers for clients and LFA receives compensation directly or indirectly from those investment advisers, which is shared with IARs. This creates a conflict of interest for LFA and the IARs given their financial incentive to recommend or select other investment advisers that pay them the highest rate and amount of compensation, rather than other available investment advisers that pay them relatively lower or no compensation. These conflicts of interest and the steps LFA takes to mitigate them are described above in Item 5, Fees and Compensation.

LFA and your IAR can earn more compensation if you invest through a program described in this Brochure than if you open a brokerage account to buy individual mutual funds or other securities. However, in a brokerage account, you would not receive all the benefits of the programs described in this Brochure, such as ongoing investment advice and portfolio management. Additionally, LFA will receive more compensation, and IARs can negotiate higher fees for their services, in connection with a client's participation in certain Premier investment programs than others. Therefore, IARs and LFA have a conflict of interest given their financial incentive to recommend one of the programs described in this Brochure, rather than other available programs and services that would result in relatively lower or no compensation to LFA and the IARs. Additionally, LFA and IARs have a conflict of interest given their financial incentive to recommend the specific Premier investment programs for which they can negotiate and receive the highest rate and amount of compensation. The decision to invest in an advisory program is solely that of the client. Clients are provided a full description of the services provided in, and fees applicable to, each advisory program. We also require that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

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

### **CODE OF ETHICS**

LFA has adopted an Investment Adviser Code of Ethics (the "Code") and all IARs and "access persons" (as defined under the Investment Advisers Act of 1940, as amended (the "Advisers Act")) are required to understand and follow its provisions. Through the Code, LFA strives to ensure high standards of professional excellence and ethical conduct among its associates. The Code is aligned with Lincoln Financial Group's long-standing shared values of: Integrity, Commitment of Excellence, Responsibility, Respect, Fairness, Diversity, and Employee Ownership. LFA will provide a copy of the Code to any client

or prospective client upon request. If you would like a copy of the Code, please call (800) 237-3813 or send an email request to [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

## **SECURITIES IN WHICH LFA HAS A FINANCIAL INTEREST**

LFA engages in principal transactions mainly involving debt securities. When doing so, these securities are recommended to LFA's clients on a fully disclosed basis and are conducted on a "riskless transaction" basis. Under these circumstances, LFA buys or sells securities it recommends to its clients as a principal. All of this information is fully disclosed to clients through trade confirmations.

## **PERSONAL SECURITIES TRADING**

LFA, the IARs, and other associated persons have the ability to buy and sell securities identical to those recommended to clients for their personal accounts. Moreover, the IARs can purchase and sell securities and take other actions for their own accounts, and can recommend the purchase and sale of securities and other actions for others' accounts, that differ from the advice given or actions taken in providing advisory services to you. In addition, any related person may have an interest or position in certain securities which may also be recommended to clients. This creates a conflict of interest in that IARs have a financial incentive to put their own interests ahead of clients' interests. LFA procedures require that client orders be placed ahead of orders for LFA accounts or accounts of IARs. Personal securities transactions by IARs are recorded and monitored by LFA. LFA procedures also prohibit LFA orders and orders for the benefit of IARs from being included in any applicable "block trades," or orders aggregated across client accounts for the purpose of seeking cost-effective execution of client orders. LFA policies require that best execution be sought for all client orders in which LFA or the IARs are responsible for order entry. Where a conflict of interest exists, this is disclosed to the client in the client service agreement, SIS, or other applicable disclosure documents for your account or transaction.

### **Item 12: Brokerage Practices**

For some accounts in Premier, FBS serves as the broker-dealer of record with its affiliate, NFS, serving as custodian. Premier accounts are also held with LFA serving as broker-dealer of record and NFS serving as custodian. Other Fidelity affiliates serve as the broker-dealer and/or custodian for accounts on Fidelity's tax-exempt recordkeeping platform, as indicated in your account-opening documentation. Clients generally must use NFS or one of its affiliates for clearing and execution services. By signing the SIS and client service agreement, client authorizes and directs LFA and the IAR to trade through the applicable custodian and clearing firm. When LFA acts in the capacity of the broker-dealer on your account, it receives additional compensation which it would not otherwise receive if another firm acted in the capacity of the broker-dealer on your account. LFA's receipt of this additional compensation in its capacity as the broker-dealer on your account creates a conflict of interest for LFA because LFA has a financial incentive to, among other things, recommend itself as the broker-dealer of record and NFS as the custodian for your account (rather than other available broker-dealers and custodians). For additional details regarding the various conflicts of interest that LFA has in connection with the various revenue streams it receives as your broker-dealer, please see Item 5, Fees and Compensation, above. LFA mitigates these conflicts of interest by disclosing them to you; providing you with the LFA Fee Schedule, which discloses the amount and rate of transaction, trading, execution, and brokerage services charges you will incur for your Premier Plus Program account, the services you receive, and the securities and other investment products you purchase, hold, and sell in your account; not sharing any transaction, trading, execution, or brokerage service charges with the IARs that recommend products, share classes, transactions, strategies, or services for your account; and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

Not all investment advisers require clients to direct brokerage. By directing brokerage to a particular broker-dealer through the use of Premier, LFA clients may not be able to achieve the most favorable execution of securities transactions and, in those circumstances, this practice will result in higher commissions or less favorable net prices that will cost clients more money. Clients have the option to purchase securities and other investment products recommended by LFA and the IARs through other broker-dealers or agents that are not affiliated with LFA.

Investment managers are generally free to consider NFS's trading capabilities versus other broker-dealers' and clearing firms' trading capabilities and to determine the appropriate execution venue for transactions in client accounts. As a result,

investment managers may decide to direct trades away by executing a “step-out” trade from NFS when they conclude, in their sole discretion, that they will receive best execution for a particular transaction through another broker-dealer or clearing firm. In these circumstances, clients will incur any additional transaction, trading, and execution costs applicable to the step-out trade. Investment managers may decide to execute step-out trades for any number of reasons, including, but not limited to, the type of security being traded or the desire to aggregate trades from multiple clients.

The brokerage practices for the advisory services discussed in this Brochure vary depending on the particular program or service. Because IARs generally do not have the authority to select broker-dealers and often are not authorized to place discretionary trade orders for client accounts, and because IARs manage their client accounts independently of one another based on each client’s unique circumstances and investment objectives, IARs have limited opportunity to aggregate orders for the purchase or sale of securities for various client accounts. LFA does not require IARs to aggregate client orders. As a result, orders for each client’s account are often placed independently. When IARs do not aggregate client orders for the same securities, some clients purchasing the same securities around the same time likely will receive a less favorable price or trade execution than other clients, which means that the practice of not aggregating orders likely will cost certain clients more money than other clients for similar or identical trades.

Additionally, IARs often have both accounts that they manage on a non-discretionary basis and accounts that they manage on a discretionary basis. Because IARs are required to obtain client approval for each individual trade order in non-discretionary accounts, IARs often place trade orders for their non-discretionary accounts after they place trade orders for their discretionary accounts, which likely will result in non-discretionary accounts receiving different prices and trade execution than discretionary accounts for similar or identical trades.

## **STEP-OUT TRADING**

As discussed in Item 5, Fees and Compensation, investment managers that have the discretion to execute “step-out” trades with broker-dealers other than NFS will incur additional transaction, trading, or execution fees that client will pay as a result of a step-out trade. Additional transaction, trading, and execution fees resulting from “step-out” trades will increase the client’s cost and negatively impact investment performance. However, a step-out trade can potentially allow the investment manager to achieve better price execution. In addition, some investment managers do not pass the additional fees or costs on to the client. In cases where an asset-based fee that includes the cost of advisory, brokerage, and custodial services (*i.e.*, a “wrap fee”) is assessed, the asset-based fee does not cover charges resulting from “step-out” trades effected by an investment manager with broker-dealers apart from NFS.

Investment managers are generally free to consider other broker-dealers’ trading capabilities versus NFS’s trading capabilities as part of their duty to seek best-execution and obligations as investment advisers. Investment managers may decide to “step-out” for a variety of reasons, including to obtain an optimal combination of price and service for the client or to satisfy the investment manager’s best execution obligation. Investment managers have the discretion to utilize step-out trades in circumstances including, but not limited to, those involving equity securities, fixed-income securities, derivatives (*e.g.*, options), thinly-traded securities, illiquid securities, and ETFs. A “step-out” trade occurs in some instances when an investment manager purchases equity securities, fixed-income securities, derivatives (*e.g.*, options), thinly-traded securities, illiquid securities, ETFs, or other securities from a different broker-dealer or the broker or dealer selling the securities to obtain a more favorable price or because the particular security is not available through NFS. In other instances, a “step-out” trade occurs when the investment manager executes a single trade for multiple clients by aggregating orders into a single “block.” A “block” trade can potentially provide the client with a better overall price and/or return because a single order can potentially result in better execution versus placing multiple separate orders. When an investment manager executes a “block” order, that investment manager is seeking to obtain the best-execution and best price. Aggregating transactions into a single trade can potentially afford the investment manager more control over the execution of the trade, including potentially avoiding an adverse effect on the price of the security that could result from effecting a series of separate, successive, and/or competing small trades with multiple broker-dealers or clearing firms.

Premier fees do not cover any fees, costs, or expenses resulting from “step-out” trades effected with, or through, broker-dealers or clearing firms other than NFS. They also do not cover any mark-ups or mark-downs (*i.e.*, adjustments to your purchase or sale price above or below the current market price of the applicable security) by any such other broker-dealers or clearing firms. As such, clients are responsible for any such additional transaction, trading, and execution fees, costs, and expenses in addition to the applicable program fees. Additional costs resulting from step-out trades typically are included

in the net price of the securities traded and typically are not reflected as separately identifiable charges on your trade confirmations or account statements. It is expected that investment managers would typically consider trades executed through NFS to be without commissions or retail mark-ups or mark-downs when comparing the cost of trading securities with other broker-dealers. LFA would expect such a comparison by an investment manager to generally result in a decision to execute most trades through NFS. However, investment managers may from time to time believe they are able to obtain better execution utilizing step-out trades. Additionally, certain third-party managers participating in Premier have historically utilized step-out trades for a significant portion, if not all, of their trades in certain strategies available through Premier (including, but not limited to, certain fixed-income, options, and ETF strategies) and likely will continue to do so in the future. As a result, clients utilizing these third-party managers' strategies will incur all additional fees, costs, and expenses resulting from such step-out trades, which will increase their overall cost of participation in Premier.

Clients should review EPS's and applicable Strategists' and Sub-Managers' Forms ADV, Part 2A to learn if they execute step-out trades and the criteria they use in selecting a broker-dealer or clearing firm to do so. Further information regarding the frequency of EPS, Strategist, and Sub-Manager utilization of step-out trades and a general description of the additional costs related to step-out trades can be found on our website at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv). If you have any questions regarding this information or step-out trading in your account and related costs, please contact your IAR.

## **BEST EXECUTION**

In placing orders for the purchase and sale of securities and directing brokerage to effect these transactions, an investment manager's primary objective is to obtain the best qualitative execution for clients in each client transaction so that the client's cost per transaction is the optimal combination of price and service considering all relevant factors, including, but not limited to, the type of security, timeliness of execution, efficiency of execution, and other relevant considerations. As such, an investment manager may choose to execute "step-out" trades as discussed above and in Item 5, Fees and Compensation.

For additional information on LFA's and the IARs' conflicts of interest in connection with their recommendation of a particular advisory program, broker-dealer, or custodian firm, including the compensation arrangements between LFA and other broker-dealers and custodians, please see Item 5, Fees and Compensation, above.

### **Item 13: Review of Accounts**

For Premier programs managed by EPS, client accounts, portfolio transactions, and securities holdings are reviewed on an ongoing basis by EPS. These accounts are reviewed periodically by the IAR and LFA although more frequent reviews are typically completed in the event of significant market or economic developments, a change in a client's investment objectives or financial circumstances, or at the client's request. IARs usually receive quarterly reports of client accounts. These reports are reviewed periodically by LFA and/or the IAR and are reviewed with the client during annual reviews or as part of other meetings and discussions between the IAR and the client. For accounts in the Premier Plus Program, LFA utilizes a series of exception reports and surveillance processes to aid in the periodic review of accounts.

Clients receive a quarterly account statement from the custodian and a monthly activity statement from the custodian in months when there is qualifying activity. Clients will receive transaction confirmations for each transaction that occurs in their Program Account unless the client elects to waive receipt of transaction confirmations. Year-end tax summaries, including IRS Schedule D information, IRS 1099-INT, and 1099-DIV, if applicable, are provided to clients. Clients also will receive a quarterly statement of account (in hard copy or electronic format) from the Premier vendor selected by LFA. Transaction confirmations and tax reports are provided by the custodian.

### **Item 14: Client Referrals and Other Compensation**

For a description of economic benefits received by LFA and IARs from entities who are not clients, LFA's and IARs' conflicts of interest as a result of their receipt of those economic benefits, and how LFA mitigates those conflicts of interest, please see Item 5, Fees and Compensation, above.

## **CLIENT REFERRAL AND SOLICITATION RELATIONSHIPS**

Clients are obtained primarily through the efforts of IARs. However, various third parties refer clients to, and solicit clients on behalf of, LFA and IARs. LFA and IARs pay referral fees to certain of these third-parties as compensation for their client

referral and solicitation services. The referral fees that LFA and IARs pay to these third-parties are typically contingent on referred clients entering into an investment advisory relationship with LFA, and are typically a stated percentage of the financial planning, consulting, seminar, or ongoing advisory fees that the referred client pays to LFA. Advisory fees paid by referred clients are agreed to by the referred client and are fully disclosed in their client service agreement, SIS, and other account-opening documents and disclosures, regardless of any referral fees LFA or IARs pay to the third party. In certain circumstances, LFA and IARs pay through alternative fee arrangements, including through flat fees per client referral, monthly fees for participation in referral programs, or other fee structures. LFA's client referral and solicitation practices are subject to, and conducted in accordance with, applicable Advisers Act rules.

Third parties that have compensated client referral or solicitation arrangements with LFA and its IARs have a conflict of interest given their financial incentive to refer you to LFA and its IARs and to recommend that you engage LFA and its IARs for services, rather than other available service providers that pay these third parties relatively lower or no compensation for their client referrals and solicitations.

## **OTHER COMPENSATION**

LFA and IARs receive various economic benefits from third parties, including those detailed in Item 5, Fees and Compensation, above.

If a client needs certain types of products or services that are not offered by or through LFA, LFA and IARs may refer the client to various third parties that offer the necessary products or services. Examples of these products and services include business valuation services, foundation formation services, tax services, trustee services, certain wealth management services, lending services, and certain insurance products and services. LFA and IARs receive referral fees from certain of these third parties to whom clients are referred. This presents a conflict of interest for LFA and its IARs given their financial incentive to refer clients to third-party product and service providers that pay LFA and IARs the highest rate and amount of referral fees and other compensation, rather than other available third-party product and service providers that pay LFA and IARs relatively lower or no referral fees or other compensation.

### **Item 15: Custody**

Program Accounts will be held at a designated custodian. The custodian will forward confirmations of each purchase and sale to the client unless client elects to waive trade confirmations for each individual purchase and sale transaction. Any such election is voluntary, and not a mandatory condition for establishing or maintaining a Program Account. Clients electing to waive receipt of individual transaction confirmations will continue to receive monthly statements providing information on all transactions taking place in the account.

LFA generally does not provide custodial services for client assets and all client accounts are required to be held with a qualified custodian. Clients will receive account statements from the broker-dealer or other qualified custodian that holds their accounts, and clients should carefully review these statements. It is important to compare the information on these statements with reports you receive from LFA, EPS, and your IAR. Please note that there may be minor variations in these reports due to calculation methods. If you have any questions, please contact your IAR.

LFA and the IARs generally do not take possession of client funds or securities. However, in certain asset management programs, clients have authorized LFA to deduct advisory fees from their accounts. While LFA and the IARs do not accept authority to take possession of client assets, this level of account access is considered "custody" under Advisers Act rules. Additionally, LFA allows clients to grant authority to their IARs to initiate transfers of funds and securities on the client's behalf, including transfers to third parties, through standing written authorizations or instructions. The SEC has determined that this capability is also considered "custody" under Advisers Act rules.

### **Item 16: Investment Discretion**

In the Premier Plus Program, LFA generally provides investment management services on a non-discretionary basis, meaning that LFA or the IAR obtains client authorization before entering any buy or sell orders in client accounts. LFA will provide investment management services on a discretionary basis through the Premier Plus Program, where client consent is not needed prior to entering buy and sell orders in an account, only when written authorization providing discretionary authority is granted to the IAR by such client and the IAR is approved for such activity by LFA. In any event, discretionary

authority is limited to trading and does not extend to money movement, including the withdrawal of funds from the client's account, except as authorized in writing for the withdrawal of fees. Specific information regarding the terms of any discretionary trading authority granted to an IAR is found in the applicable client service agreement, limited discretionary trading authorization, and supporting documentation that a client receives in connection with the Premier Plus Program. Clients should understand that different securities have different internal and external fees, costs, and expenses and that clients' securities-related fees, costs, and expenses will increase or decrease depending on the particular securities selected by client or by their IAR using discretionary authority.

#### **Item 17: Voting Client Securities**

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For the Premier Plus Program, the client is responsible for voting or otherwise acting on all matters for which a securityholder vote, consent, election, or similar action is solicited by, or with respect to, issuers of securities beneficially held as part of the Program Accounts.

LFA does not accept authority to vote client securities or proxies. Clients will receive their proxies or other solicitations directly from their custodian unless the client has provided proxy voting authority to a third party, such as an investment manager. Clients should address any questions regarding a particular solicitation to their IAR.

#### **Item 18: Financial Information**

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LFA does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.



**Lincoln Financial Advisors Corporation  
Premier Series Wealth Management Program  
Form ADV, Part 2A – Appendix 1  
(Wrap Fee Program Brochure)**

October 7, 2022

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[www.lfa-sagemark.com](http://www.lfa-sagemark.com)

**This wrap fee program brochure provides information about the qualifications and business practices of Lincoln Financial Advisors Corporation. If you have any questions about the contents of this brochure, please contact us at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.**

**Additional information about Lincoln Financial Advisors Corporation also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

LFN11329

## **Item 2: Material Changes**

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This interim updating amendment to the wrap fee program brochure (this “Brochure”) for the Premier Series Wealth Management Program (the “Premier Series Program”) offered by Lincoln Financial Advisors Corporation (“LFA”) is dated October 7, 2022 and the last annual updating amendment to this Brochure was dated March 30, 2022. Material changes to this Brochure since the last annual updating amendment dated March 30, 2022 include the following:

- LFA updated Item 4 of this Brochure to provide clients with information regarding LFA’s updated pricing structure for accounts established in the Premier Series Program, or that go through a “goal modification” (*i.e.*, a change in the client’s account strategy or portfolio for which a new SIS (as defined below) is generated), on and after October 8, 2022, including updated information regarding the individual program fee components that new clients will pay in the Premier Series Program on and after October 8, 2022.
- LFA updated Item 4 of this Brochure to provide clients with additional detail regarding the conflicts of interest that LFA’s investment adviser representatives, including those who use the name Sagemark Consulting (collectively, “IARs”), have in connection with forgivable loans that certain IARs receive when transitioning their practices from another firm to LFA.

Clients are strongly encouraged to read this Brochure in detail and contact their IAR with any questions. If you would like another copy of this Brochure or a copy of any other LFA brochure, please feel free to access and download it from our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), or from the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You also may request a copy of this Brochure or any other LFA brochure by contacting LFA at (800) 237-3813 or [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

**Item 3: Table of Contents**

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## **Item 4: Services, Fees and Compensation**

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### **ABOUT LFA**

LFA was incorporated in 1968 and has been registered with the SEC as an investment adviser since 1992. LFA is wholly owned by The Lincoln National Life Insurance Company (“LNL”), which is wholly owned by Lincoln National Corporation (“LNC”), a publicly held entity. Lincoln Financial Group is the marketing name for LNC and its affiliates.

As of December 31, 2021, LFA managed approximately \$27.5793 billion of client assets on a non-discretionary basis and approximately \$9.2082 billion of client assets on a discretionary basis.

LFA offers a wide variety of investment advisory programs and services, which are sometimes marketed using the name Sagemark Consulting, a division of LFA. LFA’s IARs assist clients in pursuing their financial goals by providing personalized financial planning services and investment solutions.

Any information you receive from LFA or the IARs relating to the tax considerations affecting your financial arrangements or transactions is not intended to be tax advice and you should not rely upon it as tax advice. Neither LFA nor the IARs provide tax, legal, or accounting advice.

In addition to the advisory programs and services described in this Brochure, LFA also offers the following advisory programs and services, which are described in separate Forms ADV, Part 2A:

- Premier Plus Wealth Management Program (the “Premier Plus Program”);
- Sagemark Consulting Financial Planning;
- Financial Planning; and
- Third-Party Asset Management Programs, Retirement Plan Services and Other Advisory Services.

For a detailed discussion of each of the advisory programs and services listed above, including the fees and expenses you will pay, the compensation LFA and the IARs will receive, and LFA’s and the IARs’ conflicts of interest in connection with them, you should refer to the Form ADV, Part 2A for the particular program or service, which is available on our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), and on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). These Forms ADV, Part 2A may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

### **AVAILABLE ACCOUNT AND RELATIONSHIP TYPES**

When you choose to purchase products and services through LFA and work with an LFA financial professional, you have the option of investing through a transaction-based account, such as a brokerage account, a fee-based investment advisory program, or both. It is important for you to understand the services you will receive, the fees, costs, and expenses you will pay, and LFA’s and your LFA financial professional’s conflicts of interest in connection with each of these different types of accounts and relationships with LFA and your LFA financial professional. These services, fees, costs, expenses, and conflicts of interest are described below and in much greater detail in LFA’s Form CRS, Regulation Best Interest (“Reg BI”) Disclosure Document, and Forms ADV, Part 2A, as applicable, which are available on LFA’s website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures.

#### **Transaction-Based Account, Such As a Brokerage Account**

With a transaction-based account, such as a brokerage account, you will pay commissions and other charges (such as sales loads on mutual funds and other securities and investment products) at the time of each transaction, such as the purchase or sale of a mutual fund, stock, bond, option, or other security or investment product. These commissions and other charges are the primary source of compensation for the transaction-based advice provided by your LFA financial professional when recommending such transactions. When acting as your broker, your LFA financial professional can make recommendations

and provide guidance to you in selecting securities, other investment products, and services. Your LFA financial professional may also provide investment education and research services, which are incidental to the brokerage services LFA provides. This type of account can potentially be more appropriate for you than a fee-based investment advisory account if you do not want ongoing investment advice on assets held in your account, or ongoing management of your account, and instead want only periodic or on-demand advice and recommendations specific to the purchase and sale of securities and other investment products. This type of account can potentially result in lower costs for you if you expect to trade on an infrequent or occasional basis.

When LFA and your LFA financial professional make securities and investment strategy recommendations to you as broker-dealer for your transaction-based account, such as a brokerage account, LFA and your LFA financial professional are required to act in your best interest, without placing their financial or other interests ahead of your interests. Additionally, when LFA and your LFA financial professional provide investment advice to you on a regular basis regarding your Employee Retirement Income Security Act of 1974, as amended (“ERISA”), retirement plan account or individual retirement account (“IRA”), LFA and your LFA financial professional are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), as applicable, which are laws governing retirement accounts. However, you should be aware that LFA and your LFA financial professional are subject to various conflicts of interest in connection with the recommendations and other services they provide to you in connection with your transaction-based accounts. These conflicts of interest result from various arrangements, including, but not limited to, the roles LFA and your LFA financial professional play in a transaction, LFA’s and your LFA financial professional’s compensation arrangements, and LFA’s financial and other arrangements with custodians, clearing firms, other service providers, its affiliates, third-party product and service providers, and others. Important information regarding these conflicts of interest is provided in LFA’s Form CRS and Reg BI Disclosure Document, as well in the other important client disclosures available on LFA’s website, [www.lfa-sagemark.com](http://www.lfa-sagemark.com).

**For additional information on LFA’s broker-dealer services and transaction-based account offerings, please see LFA’s Form CRS and Reg BI Disclosure Document, which are available on LFA’s website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures. LFA’s Form CRS and Reg BI Disclosure Document may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [LFAAdvisoryServices@lfg.com](mailto:LFAAdvisoryServices@lfg.com). For detailed information regarding the commissions, trading/execution fees, and brokerage service charges that LFA establishes, controls, and charges clients when serving as broker-dealer of record for transaction-based accounts with National Financial Services LLC (“NFS”), please see LFA’s Fee and Commission Schedule for Accounts with NFS (the “LFA Fee Schedule”), which is provided to you at account opening, will change over time, and can be found on LFA’s website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost.**

**Before consenting to any broker-dealer relationship with LFA or an LFA financial professional, you should review the important disclosures referenced above, including those related to the services you will receive, the fees, costs, and expenses you will pay, the compensation LFA and its financial professionals will receive, and LFA’s and its financial professionals’ conflicts of interest. After reviewing these disclosures, please address any questions you may have with your LFA financial professional.**

### **Fee-Based Investment Advisory Program**

A fee-based investment advisory program, sometimes called a “managed account,” can potentially be more appropriate for you than a transaction-based account, such as a brokerage account, if you want ongoing investment advice and management of your account. LFA acts as the sponsor and broker-dealer in connection with some of the investment advisory programs and services it offers and LFA offers a number of different investment advisory programs and services.

With this type of account, you will pay an ongoing investment advisory fee based on the value of the assets held in your account in exchange for ongoing investment advice and management of your account and related services. The asset-based fee is the primary source of compensation for the ongoing investment advice provided by your IAR. You generally will not be charged commissions for each purchase or sale of a security or other investment product; however, you will be charged for (1) any transaction, trading, and execution charges that are applicable to trades and other transactions (including, but not limited to, “step-out” trades) occurring within your account and (2) other fees, costs, and expenses applicable to your account, the services provided to you and your account, and the securities and other investment products purchased, held,

and sold in your account, in each case as described in your account-opening documentation and in the prospectuses and other disclosure documents for the securities and other investment products you purchase, hold, and sell.

Transaction, trading, and execution charges are not used to compensate your IAR for his or her services in this type of account. Certain investment advisory programs charge an “all-inclusive” bundled fee based on the value of the assets in your account. This bundled fee usually includes a portfolio management fee, transaction, trading, and execution costs, and investment advice and is sometimes referred to as a “wrap fee.” However, this bundled fee does not include costs associated with transactions that are executed at broker-dealers other than the one at which your account is held. Transactions executed at broker-dealers other than the one at which your account is held are sometimes called “step-out” trades and are described further below in this Item 4. Fees vary depending on which LFA advisory programs and services you use. LFA’s advisory program fees are billed either in arrears (*i.e.*, following the completion of the applicable billing period) or in advance (*i.e.*, at the beginning of the applicable billing period) depending on the program you select, and your billing methodology (*i.e.*, in arrears or in advance) will be specified in your client service agreement, Statement of Investment Selection (“SIS”), or other account-opening documentation. Fees are charged either monthly or quarterly, as specified in your client service agreement, SIS, or other account-opening documentation, based on the assets held within your account for services including, but not limited to, ongoing investment advice, investment selection and recommendations, asset allocation, execution of transactions (depending on the program you are in), custody of securities, and account reporting services. Please see your client service agreement, SIS, and other account-opening documentation for additional information. After reviewing these documents, please address any questions you may have with your IAR.

Alternative investments (“AIs”) may be held in a managed account, but usually for consolidated reporting purposes and convenience only. For purposes of this section, AIs are defined as non-traditional investments such as non-traded real estate investment trusts, limited partnerships, oil and gas programs, managed futures funds, qualified opportunity zone funds, interval funds, private placements, 1031 exchange programs, funds of hedge funds, and other non-traded investment programs. Generally, AIs are illiquid and not traded on an exchange, or have limited liquidity at the discretion of the product provider, but can potentially offer clients opportunities for diversification in their investment portfolios. AIs are usually purchased directly from the sponsor company on a commission basis and held in a transaction-based account. However, a client may request that an AI be held in a managed account. When LFA permits an AI to be held within a Premier Wealth Management Program (“Premier”) account, the AI generally will be coded as an “unsupervised” asset, which means that LFA will not serve in an investment advisory capacity with respect to the AI, LFA will not provide investment advisory services or oversight on the AI, and the AI will be excluded from the account’s advisory fee calculation but reflected as an asset on the account’s performance report. Unsupervised assets are not included in the performance calculation for Premier accounts. Notwithstanding the foregoing, LFA permits certain AIs to be held within Premier accounts as “supervised” assets. The AIs LFA permits to be held within Premier accounts as supervised assets generally will be in a share class designed or intended to be used in connection with a fee-based account. In such cases, LFA will serve in an investment advisory capacity with respect to the supervised AI, LFA will provide investment advisory services and oversight on the supervised AI as it would with other assets maintained in the Premier account, and the supervised AI will be included in the calculation of the Premier account’s advisory fee and performance. If these circumstances are applicable to your AI, the AI Worksheet you complete in connection with your AI investment or your other account documentation will inform you of the fact that your AI will be a supervised asset included in the calculation of your Premier account’s advisory fee and performance. Additionally, in some investment advisory and asset allocation programs sponsored by third-party asset management firms, the third-party investment managers use AIs in the management of client accounts and include AI assets in their fee and performance calculations. Please see your account-opening documentation for additional information.

LFA’s advisory fees generally are negotiable. Some programs, like the Premier Plus Program, charge separately for asset management services, ongoing investment advice, and transactions. In such programs, you will be charged for any transaction, trading, and execution fees, costs, and expenses that are applicable to trades and other transactions occurring within your account, as described in your account-opening documentation, in addition to your asset-based advisory fees. Applicable transaction, trading, execution, and other fees, costs, and expenses are described in detail in the applicable program’s client service agreement; SIS; transaction, trading, execution, and brokerage service fee schedules; other account-opening documentation; and Form ADV, Part 2A.

When LFA and your LFA financial professional serve as investment adviser for your fee-based account, LFA and your LFA financial professional are required to act in your best interest, without placing their financial or other interests ahead of your interests. Additionally, when LFA and your LFA financial professional provide investment advice to you on a regular basis

regarding your ERISA retirement plan account or IRA, LFA and your LFA financial professional are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. However, you should be aware that LFA and your LFA financial professional are subject to various conflicts of interest in connection with the investment advice and other services they provide to you in connection with your fee-based accounts. These conflicts of interest result from various arrangements, including, but not limited to, the roles LFA and your LFA financial professional play in a transaction, LFA's and your LFA financial professional's compensation arrangements, and LFA's financial and other arrangements with custodians, clearing firms, other service providers, its affiliates, third-party product and service providers, and others. Important information regarding these conflicts of interest is provided in LFA's Form CRS and Forms ADV, Part 2A, as well in the other important client disclosures available on LFA's website, [www.lfa-sagemark.com](http://www.lfa-sagemark.com).

**For additional information on LFA's investment advisory programs and services, please see LFA's Form CRS and Forms ADV, Part 2A, which are available through our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), and through the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). LFA's Form CRS and Forms ADV, Part 2A may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com). For detailed information regarding the trading/execution fees and brokerage service charges that LFA establishes, controls, and charges clients as broker-dealer of record for Premier accounts held with NFS, please see the LFA Fee Schedule, which is provided to you at account opening, will change over time, and can be found on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost.**

**Before consenting to any investment advisory relationship with LFA or an LFA financial professional, you should review the important disclosures referenced above, including those related to the services you will receive, the fees, costs, and expenses you will pay, the compensation LFA and its financial professionals will receive, and LFA's and its financial professionals' conflicts of interest. After reviewing these disclosures, please address any questions you may have with your LFA financial professional.**

## **WRAP FEE PROGRAM SERVICES**

### **Premier Series Wealth Management Program**

LFA is the sponsor of Premier, an investment advisory program that provides clients with access to individualized investment management services. LFA allows its IARs to offer the investment advisory services described herein to their clients and potential clients. Through a written agreement with Envestnet Portfolio Solutions, Inc. ("EPS"), an investment adviser registered with the SEC, LFA has engaged EPS to provide administrative services and/or investment management services to clients electing the Premier Series Program investment programs.

Premier provides clients with access to ongoing investment management services for investment portfolios through the following Premier Series Program investment programs:

- **Premier Separately Managed Accounts Program (the "Premier SMA Program").** This program offers a broad array of investment strategies managed by third-party money managers ("Sub-Managers") contracted with EPS, or managed by EPS under a licensing agreement with a Sub-Manager.
- **Premier Unified Portfolio.** This program offers the investment strategies of Sub-Managers and third-party asset allocation providers ("Strategists"), mutual funds, and ETFs within a single account that is managed by EPS as an "overlay manager" in accordance with Sub-Manager, Strategist, mutual fund, and ETF allocations recommended or selected by an IAR. If approved by LFA, Premier Unified Portfolio accounts may also include IAR-directed portfolios or "sleeves" consisting of mutual funds, ETFs, stocks, bonds, and other securities that are customarily available in investment advisory accounts.
- **Premier Manager (Mutual Fund) Program.** This program consists of mutual fund portfolios managed by EPS.
- **Premier Strategist Program.** This program consists of mutual fund, ETF, and other portfolios managed by EPS or LFA pursuant to the investment recommendations or model portfolios of one or more Strategists.

## Account Fees

### *Client Advisory Fees*

Program fees for the Premier Series Program are assessed based on an annual percentage of the total market value of the client's assets under management (including, but not limited to, all cash balances and all holdings of money market mutual funds and other products and accounts designated as "cash sweep" vehicles), without deducting the balance of any margin loan, securities-backed line of credit ("SBLOC"), other line of credit, or lien against the client's account. Program fees for the Premier Series Program are charged on either a monthly or quarterly basis and are charged either in advance (*i.e.*, at the beginning of the applicable billing period) or in arrears (*i.e.*, following the completion of the applicable billing period). The client's billing frequency (*i.e.*, monthly or quarterly) and billing methodology (*i.e.*, in advance or in arrears) are specified in the client's client service agreement, SIS, or other account-opening documentation. Program fees charged in arrears for a billing month or quarter, as applicable, are calculated based on the average daily balance of the client's account in the Premier Series Program (the "Program Account") for that completed billing month or quarter. Program fees charged in advance for a billing month or quarter, as applicable, are calculated based on the average daily balance of the Program Account during the previous billing month or quarter. For program fees charged in advance, the program fee for the initial billing month or quarter, as applicable, is calculated based on the average daily balance of the Program Account from the billing commencement date through the end of the month in which billing commences. If a Program Account is opened on any day other than the first day of a billing month or quarter, as applicable, the program fee is prorated to the end of the billing month or quarter. Program fees are debited from the client's Program Account or another account or product that the client designates for the purpose of payment of fees, as authorized in the client's client service agreement, SIS, or other account-opening documentation. LFA may, in its sole discretion, permit program fees to be debited from commission-based accounts, other accounts outside of Premier, and, when applicable, directly from annuity contracts held within Premier. The maximum annual program fee is 3.00% of the client's assets under management. However, there is a minimum annual Sponsor Fee (as defined below) of \$250 per household in Premier and a minimum annual Broker-dealer and Custodian Fee (as defined below) of \$200 per account in the Premier SMA Program and Premier Unified Portfolio, which will result in an annual program fee percentage above 3.00% if the client's assets under management in Premier fall below a certain threshold. LFA's policy in determining client accounts that qualify as a household generally defines a "household" as accounts of spouses, domestic partners, and their minor children all residing at the same address and a client's associated trusts and businesses. The total amount of assets within a client's household will be aggregated upon the client's request to achieve certain fee breakpoints and certain applicable annual minimums. The householding policy applies to the Sponsor Fee, Firm Fee, and Adviser Fee components (each as defined below) of your program fee in the Premier Series Program and does not discount or apply to any other fees, costs, or expenses associated with your Premier Series Program account (*e.g.*, Strategist Fees or Manager Fees, Broker-dealer and Custodian Fees, or Overlay Services Fees (each as defined below)). In certain circumstances, LFA may, in its sole discretion, permit accounts falling outside of the criteria listed above to be grouped into a household. Fees are negotiated with each client based upon, among other things, the size and complexity of each client's circumstances. Each IAR will negotiate with each client to determine the fees the client will be charged; therefore, fees vary among IARs and clients and some IARs charge higher fees than other IARs for similar or identical services. The fees charged by each entity providing services to the Premier Series Program vary based upon the securities and other investment products used, the size of the client's account and/or household, and other factors.

The total program fee paid by the client varies by Premier investment program and includes, as applicable: LFA's platform and administrative fees, including the "Sponsor Fee," which is shared between LFA and IARs qualifying for AUM discounts (as described below), and the "Firm Fee," which is payable to LFA and used by LFA, in part, to compensate EPS for the administrative and other services that EPS provides in connection with the Premier investment programs; the IAR's fees (the "Adviser Fee"), which are shared between the IAR and LFA in accordance with a compensation "grid" negotiated between the IAR and LFA; the fees charged by Sub-Managers and Strategists selected to manage client assets or provide model portfolios (the "Manager Fee" or "Strategist Fee"), which are shared between Sub-Managers, Strategists, and EPS; LFA's fees for transactions, trading, execution, and related services (the "Broker-dealer and Custodian Fee"), which LFA uses to defray its costs associated with trade execution and related services and to compensate it for the various related services it provides in connection with your account; and the fees charged by EPS and its affiliates for tax overlay services and impact overlay services (the "Overlay Services Fee"), which are wholly retained by EPS and its affiliates. LFA determines the methodology for charging clients for transactions, trading, and execution for each Premier program. Transaction, trading, and execution fees, costs, and expenses are either included in your asset-based program fee or assessed as separate per-trade charges by your broker-dealer of record. Where transaction, trading, and execution fees, costs, and

expenses are included in clients' asset-based program fees, LFA retains all or a portion of the asset-based fee charged for transactions, trading, and execution. Where separate per-trade charges apply for transactions, trading, and execution, LFA retains all or a portion of those separate per-trade charges when it serves as the broker-dealer of record for your account.

Because the Sponsor Fee, Firm Fee, Adviser Fee, and Broker-dealer and Custodian Fee are asset-based fees, LFA and IARs have a conflict of interest given their financial incentive to: (i) recommend that you participate in the Premier Series Program; (ii) exercise their discretion to set Sponsor Fee, Firm Fee, Adviser Fee, and Broker-dealer and Custodian Fee rates at levels that generate the highest possible revenue and profit to them, which will result in correspondingly higher expenses for you; and (iii) recommend that you increase the amount of your assets invested through the Premier Series Program, which will result in LFA's and the IARs' receipt of higher Sponsor Fee, Firm Fee, Adviser Fee, and Broker-dealer and Custodian Fee payments and correspondingly higher expenses for you. Additionally, because Sponsor Fee, Firm Fee, Adviser Fee, and Broker-dealer and Custodian Fee calculations are based on the total market value of your assets under management, without deducting the balance of any margin loan, SBLOC, other line of credit, or lien against your account, LFA and IARs have a conflict of interest given their financial incentive to recommend that you use margin loans, SBLOCs, and other available lines of credit since your use of those products will maintain or increase the assets in your account on which the Sponsor Fee, Firm Fee, Adviser Fee, and Broker-dealer and Custodian Fee are charged and the value of your account is not reduced by the amount of the margin loan, SBLOC, or line of credit, resulting in LFA's and the IAR's receipt of higher Sponsor Fee, Firm Fee, Adviser Fee, and Broker-dealer and Custodian Fee payments and correspondingly higher expenses for you. LFA mitigates these conflicts of interest by disclosing them to you and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

Please see the following description of applicable program fee components and their standard ranges in each Premier Series Program investment program.

#### Premier SMA Program

For all Premier SMA Program accounts established on or after October 8, 2022 or if your Premier SMA Program account has gone through a goal modification (*i.e.*, a change in your account strategy or portfolio for which a new SIS was generated) on or after October 8, 2022, you will pay the following standard annual fee ranges:

- **Sponsor Fee:** Up to 0.20% of account assets
- **Firm Fee:\*** Up to 0.11% of account assets
- **Adviser Fee:** Up to 1.75% of account assets
- **Manager Fee:\*\*** Up to 0.75% of account assets
- **Broker-dealer and Custodian Fee:\*\*\*** Up to 0.25% of account assets

\* LFA uses a portion of the Firm Fee to compensate EPS for the administrative and other services that EPS provides in connection with the Premier SMA Program.

\*\* A portion of the Manager Fee is retained by EPS in connection with EPS's implementation and administration of the selected investment strategy and such amounts are separate from, and in addition to, the portion of the Firm Fee that LFA uses to compensate EPS as described above.

\*\*\* The Broker-dealer and Custodian Fee is an asset-based fee for transactions, trading (the buying and selling of securities), execution, and related services LFA provides in Premier SMA Program accounts. The Broker-dealer and Custodian Fee applies to all assets (including, but not limited to, all cash balances and all holdings of products and accounts designated as "cash sweep" vehicles) in Premier SMA Program accounts. The maximum annual Broker-dealer and Custodian Fee is 0.25% for Equity, Option, Mutual Fund, and Balanced strategies and 0.20% for Fixed-Income strategies. There is a minimum annual Broker-dealer and Custodian Fee of \$200 per Premier SMA Program account. LFA establishes, controls, and charges the Broker-dealer and Custodian Fee to, among other things, defray its costs associated with trade execution

and related services and to compensate it for the various related services it provides in connection with your Premier SMA Program account. LFA sets the Broker-dealer and Custodian Fee at rates, and calculates the Broker-dealer and Custodian Fee using a methodology, that generally results in LFA's receipt of Broker-dealer and Custodian Fees that are higher than the related asset-based fees that LFA pays to NFS or Fidelity Brokerage Services LLC ("FBS") for clearance and execution of transactions and related services. Additionally, LFA charges the Broker-dealer and Custodian Fee on all assets (including, but not limited to, all cash balances and all holdings of products and accounts designated as "cash sweep" vehicles) in your Premier SMA Program account, including various assets for which LFA pays no related asset-based fees to NFS or FBS, including, but not limited to, mutual funds participating in NFS's no transaction fee ("NTF") managed account program or NTF mutual fund program, Fidelity mutual funds, cash and cash equivalents, and non-standard assets, including foreign securities, AIs, and non-marketable securities. These are sometimes called "markups." Further, as noted above, Broker-dealer and Custodian Fees vary based on the investment strategy you use (e.g., Equity, Option, Mutual Fund, Balanced, or Fixed Income). As a result, LFA has a conflict of interest given its financial incentive to: (i) recommend that you participate in the Premier SMA Program (rather than other available programs, including third-party programs), which enables LFA to establish, control, and charge the various components of your total program fee, including the Broker-dealer and Custodian Fee; (ii) exercise its discretion to set the amount and rate of your total program fee components, including the Broker-dealer and Custodian Fee, at levels that generate the highest possible revenue and profit to LFA, which will result in correspondingly higher expenses for you; (iii) recommend that you increase the amount of your assets invested through the Premier SMA Program, which will result in LFA's receipt of higher program fees, including higher Broker-dealer and Custodian Fees, and correspondingly higher expenses for you; (iv) recommend that you use investment strategies that result in LFA's receipt of the highest rate and amount of Broker-dealer and Custodian Fees, rather than other available investment strategies that result in LFA's receipt of relatively lower or no Broker-dealer and Custodian Fees; and (v) encourage Sub-Managers and EPS to use products, share classes, and other assets (e.g., mutual funds participating in NFS's NTF managed account program or NTF mutual fund program, Fidelity mutual funds, cash and cash equivalents, and non-standard assets, including foreign securities, AIs, and non-marketable securities) for which LFA pays no related asset-based fees to NFS or FBS, but for which LFA charges you the Broker-dealer and Custodian Fee. Further, if Premier SMA Program accounts exceed 180 trades per year, LFA incurs additional per trade charges from NFS or FBS, which LFA does not pass along to clients. As a result, LFA has a conflict of interest given its financial incentive to encourage Sub-Managers and EPS to ensure that the number of trades in your Premier SMA Program account does not exceed 180 in any given year so that LFA avoids these additional per trade charges from NFS or FBS. We mitigate these conflicts of interest by disclosing them to you, not sharing the Broker-dealer and Custodian Fee with the IARs that recommend products, transactions, or strategies for your account, and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

The fees for Premier SMA Program accounts established prior to October 8, 2022 vary from the fees above and include different program fee components. These fees were disclosed to you at account opening. Please refer to your client service agreement, SIS, and other account-opening documentation for additional information.

#### Premier Unified Portfolio

For all Premier Unified Portfolio accounts established on or after October 8, 2022 or if your Premier Unified Portfolio account has gone through a goal modification (i.e., a change in your account strategy or portfolio for which a new SIS was generated) on or after October 8, 2022, you will pay the following standard annual fee ranges:

- **Sponsor Fee:** Up to 0.20% of account assets
- **Firm Fee:\*** Up to 0.14% of account assets
- **Adviser Fee:** Up to 2.00% of account assets
- **Strategist Fee or Manager Fee:\*\*** Up to 0.75% of account assets
- **Broker-dealer and Custodian Fee:\*\*\*** Up to 0.25% of account assets

\* LFA uses a portion of the Firm Fee to compensate EPS for the administrative and other services that EPS provides in connection with Premier Unified Portfolio.

\*\* A portion of each Strategist Fee or Manager Fee is retained by EPS in connection with EPS's implementation and administration of each selected investment strategy and such amounts are separate from, and in addition to, the portion of the Firm Fee that LFA uses to compensate EPS as described above.

\*\*\* The Broker-dealer and Custodian Fee is an asset-based fee for transactions, trading (the buying and selling of securities), execution, and related services LFA provides in Premier Unified Portfolio accounts. The Broker-dealer and Custodian Fee applies to all assets (including, but not limited to, all cash balances and all holdings of products and accounts designated as "cash sweep" vehicles) in Premier Unified Portfolio accounts, except for assets invested in mutual funds participating in NFS's NTF mutual fund program or NFS's NTF managed account program. There is a minimum annual Broker-dealer and Custodian Fee of \$200 per Premier Unified Portfolio account regardless of the type of assets held in the Premier Unified Portfolio account. LFA establishes, controls, and charges the Broker-dealer and Custodian Fee to, among other things, defray its costs associated with trade execution and related services and to compensate it for the various related services it provides in connection with your Premier Unified Portfolio account. LFA sets the Broker-dealer and Custodian Fee at rates, and calculates the Broker-dealer and Custodian Fee using a methodology, that generally results in LFA's receipt of Broker-dealer and Custodian Fees that are higher than the related asset-based fees that LFA pays to NFS or FBS for clearance and execution of transactions and related services. Additionally, LFA imposes the Broker-dealer and Custodian Fee on various assets in your Premier Unified Portfolio account for which LFA pays no related asset-based fees to NFS or FBS, including, but not limited to, cash and cash equivalents and non-standard assets, including foreign securities, AIs, and non-marketable securities. These are sometimes called "markups." As a result, LFA has a conflict of interest given its financial incentive to: (i) recommend that you participate in Premier Unified Portfolio (rather than other available programs, including third-party programs), which enables LFA to establish, control, and charge the various components of your total program fee, including the Broker-dealer and Custodian Fee; (ii) exercise its discretion to set the amount and rate of your total program fee components, including the Broker-dealer and Custodian Fee, at levels that generate the highest possible revenue and profit to LFA, which will result in correspondingly higher expenses for you; (iii) recommend that you increase the amount of your assets invested through Premier Unified Portfolio, which will result in LFA's receipt of higher program fees, including higher Broker-dealer and Custodian Fees, and correspondingly higher expenses for you; and (iv) encourage IARs, Sub-Managers, Strategists, and EPS to use products, share classes, and other assets (e.g., cash and cash equivalents and non-standard assets, including foreign securities, AIs, and non-marketable securities) for which LFA pays no related asset-based fees to NFS or FBS, but for which LFA charges you the Broker-dealer and Custodian Fee. Further, if Premier Unified Portfolio accounts exceed 180 trades per year, LFA incurs additional per trade charges from NFS or FBS, which LFA does not pass along to clients. As a result, LFA has a conflict of interest given its financial incentive to encourage IARs, Sub-Managers, Strategists, and EPS to ensure that the number of trades in your Premier Unified Portfolio account does not exceed 180 in any given year so that LFA avoids these additional per trade charges from NFS or FBS. We mitigate these conflicts of interest by disclosing them to you, not sharing the Broker-dealer and Custodian Fee with the IARs that recommend products, transactions, or strategies for your account, and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

*Additional Fee for Tax Overlay and/or Impact Overlay Services Available in Premier Unified Portfolio*

An additional annual Overlay Services Fee of up to 10 basis points (0.10%) will be added to your program fee in Premier Unified Portfolio if you elect to utilize the tax overlay services and/or impact overlay services described in Item 6, Portfolio Manager Selection and Evaluation, below. The Overlay Services Fee is paid to EPS and its affiliates for providing overlay tax management services and/or overlay impact management services to your Premier Unified Portfolio account.

The fees for Premier Unified Portfolio accounts established prior to October 8, 2022 vary from the fees above and include different program fee components. These fees were disclosed to you at account opening. Please refer to your client service agreement, SIS, and other account-opening documentation for additional information.

### Premier Manager (Mutual Fund) Program

For all Premier Manager (Mutual Fund) Program accounts established on or after October 8, 2022 or if your Premier Manager (Mutual Fund) Program account has gone through a goal modification (*i.e.*, a change in your account strategy or portfolio for which a new SIS was generated) on or after October 8, 2022, you will pay the following standard annual fee ranges:

- **Sponsor Fee:** Up to 0.20% of account assets
- **Firm Fee:\*** Up to 0.08% of account assets
- **Adviser Fee:** Up to 2.70% of account assets
- **Manager Fee:\*\*** Up to 0.05% of account assets

\* LFA uses a portion of the Firm Fee to compensate EPS for the administrative and other services that EPS provides in connection with the Premier Manager (Mutual Fund) Program.

\*\* EPS or its affiliates charge the Manager Fee in connection with their implementation of the selected Premier Manager (Mutual Fund) Program investment strategy. The Manager Fee charged by EPS or its affiliates is separate from, and in addition to, the portion of the Firm Fee that LFA uses to compensate EPS as described above.

There are no separate per-trade fees, costs, or expenses for transactions, trading (the buying and selling of securities), and execution for Premier Manager (Mutual Fund) Program accounts established after June 2017 or that have gone through a goal modification (as explained above) since June of 2017. Premier Manager (Mutual Fund) Program portfolios consist solely of NTF mutual funds for which LFA does not incur transaction, trading, or execution charges in connection with purchases or sales in your account. NTF mutual funds are described further under the heading Mutual Fund Categories and Share Classes below.

The fees for Premier Manager (Mutual Fund) Program accounts established prior to October 8, 2022 vary from the fees above, include different program fee components, and in certain circumstances include separate per-trade fees, costs, and expenses for transactions, trading, and execution based on the type of mutual fund or other security selected. These fees were disclosed to you at account opening, and transaction, trading, execution, and brokerage service fees for NFS accounts for which LFA serves as broker-dealer of record can also be found on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost. Please refer to your client service agreement, SIS, and other account-opening documentation for additional information.

### Premier Strategist Program

For all Premier Strategist Program accounts established on or after October 8, 2022 or if your Premier Strategist Program account has gone through a goal modification (*i.e.*, a change in your account strategy or portfolio for which a new SIS was generated) on or after October 8, 2022, you will pay the following standard annual fee ranges:

- **Sponsor Fee:** Up to 0.20% of account assets
- **Firm Fee:\*** Up to 0.09% of account assets
- **Adviser Fee:** Up to 2.80% of account assets
- **Strategist Fee or Manager Fee:\*\*** Up to 0.70% of account assets

\* LFA uses a portion of the Firm Fee to compensate EPS for the administrative and other services that EPS provides in connection with the Premier Strategist Program.

\*\* A portion of the Strategist Fee or Manager Fee is retained by EPS in connection with EPS's implementation and administration of the selected investment strategy and such amounts are separate from, and in addition to, the portion of the Firm Fee that LFA uses to compensate EPS as described above.

There are no separate per-trade fees, costs, or expenses for transactions, trading (the buying and selling of securities), and execution for Premier Strategist Program accounts established after June 2017 or that have gone through a goal modification (as explained above) since June of 2017. Certain Premier Strategist Program portfolios consist solely or primarily of NTF mutual funds for which LFA does not incur transaction, trading, or execution charges in connection with purchases or sales in your account. NTF mutual funds are described further under the heading Mutual Fund Categories and Share Classes below.

The fees for Premier Strategist Program accounts established prior to October 8, 2022 vary from the fees above, include different program fee components, and in certain circumstances include separate per-trade fees, costs, and expenses for transactions, trading, and execution based on the type of mutual fund or other security selected. These fees were disclosed to you at account opening, and trading, transaction, execution, and brokerage service fees for NFS accounts for which LFA serves as broker-dealer of record can also be found on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost. Please refer to your client service agreement, SIS, and other account-opening documentation for additional information.

### Additional Information

For additional information regarding the total program fee applicable to your Premier Series Program account, including detailed information regarding program fee components and calculation methodologies, please review your client service agreement, SIS, and, as applicable, the Total Program Fee Guide provided with your SIS. LFA's current Total Program Fee Guide, which describes the program fees generally applicable to new accounts in Premier, also is available on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures.

### ***Program Costs***

In considering the investment programs described in this Brochure and the services provided by LFA, your broker-dealer (which may also be LFA), the custodian, EPS, Sub-Managers, Strategists, and their respective affiliates and representatives, a prospective client should be aware that the program can potentially cost the client more than purchasing the services separately from other investment advisers or broker-dealers. Additionally, a prospective client should be aware that particular Premier investment programs will cost the client more than other individual Premier investment programs, or combinations of other Premier investment programs, through which the client can access similar investment strategies, features, services, and products. The factors that should be considered by a prospective client when evaluating any Premier investment program include, but are by no means limited to: the size of the client's portfolio; the nature of the investments to be managed; the Strategists, Sub-Managers, and investment strategies to be utilized; applicable transaction, trading, execution, and brokerage service costs; custodial expenses; the client's anticipated level of trading activity; the client's need for ongoing advice and account monitoring; the client's need for other features and services available in the program; the amount of advisory and other fees for managing the client's portfolio; and the client's ability to obtain necessary and desired investment strategies, features, services, and products through other less costly alternatives that are available.

LFA and IARs recommending Premier will receive compensation as a result of a client's participation in the program. The amount of the compensation LFA and your IAR will receive can potentially be higher than what LFA or the IAR would receive if the client participated in other investment programs or paid separately for investment advice, brokerage services, and other services. Additionally, LFA will receive more compensation, and IARs may negotiate higher fees for their services, in connection with a client's participation in certain Premier investment programs than others. Further, IARs who have a certain level of client assets invested in Premier receive quarterly payments from LFA based on a percentage of the aggregate Sponsor Fees paid by their clients ("AUM discounts"). Moreover, certain IARs receive the benefit of discounted Sponsor Fees for Premier, which can potentially allow the IAR to charge a higher Adviser Fee than they otherwise would. Additionally, IARs are eligible for various benefits, including, but not limited to, educational and other opportunities sponsored by LFA and product sponsors, based on their total assets held in Premier. Therefore, the IARs and LFA have a conflict of interest given their financial incentive to recommend that you participate in the programs and services that provide them with the highest rate and amount of overall compensation and benefits, and increase your assets under management in those programs, rather than other available programs and services that result in their receipt of relatively

lower or no overall compensation and benefits. In particular, the IARs and LFA have a conflict of interest given their financial incentive to recommend that you participate in Premier, and increase your assets under management in Premier, over other available programs and services for which LFA and the IARs receive relatively lower or no compensation and benefits, such as third-party sponsored programs for which LFA does not receive a Sponsor Fee, Firm Fee, or Broker-dealer and Custodian Fee and for which IARs do not receive additional benefits. Further, LFA and IARs have a conflict of interest as a result of their financial incentive to recommend the Premier investment programs for which they can negotiate and receive the highest or relatively higher compensation. We mitigate these conflicts of interest by disclosing them to you and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

### ***Fees in Addition to the Wrap Fee***

#### **Step-Out Trading**

Investment managers that have the discretion to execute “step-out” trades with broker-dealers other than NFS will incur additional transaction, trading, or execution fees that client will pay as a result of a step-out trade. Additional transaction, trading, or execution fees resulting from “step-out” trades will increase the client’s cost and negatively impact investment performance. However, a step-out trade can potentially allow the investment manager to achieve better price execution. In addition, some investment managers do not pass the additional fees or costs on to the client. In cases where an asset-based fee that includes the cost of advisory, brokerage, and custodial services (*i.e.*, a “wrap fee”) is assessed, the asset-based fee does not cover charges resulting from “step-out” trades effected by an investment manager with broker-dealers apart from NFS.

EPS and the Sub-Managers and Strategists described in this Brochure are generally free to consider other broker-dealers’ trading capabilities versus NFS’s trading capabilities as part of their duty to seek best-execution and obligations as investment advisers. Investment managers may decide to “step-out” for a variety of reasons, including to obtain an optimal combination of price and service for the client or to satisfy the investment manager’s best execution obligation. Investment managers have the discretion to utilize step-out trades in circumstances including, but not limited to, those involving equity securities, fixed-income securities, derivatives (*e.g.*, options), thinly-traded securities, illiquid securities, and ETFs. A “step-out” trade occurs in some instances when an investment manager purchases equity securities, fixed-income securities, derivatives (*e.g.*, options), thinly-traded securities, illiquid securities, ETFs, or other securities from a different broker-dealer or the broker or dealer selling the securities to obtain a more favorable price or because the particular security is not available through NFS. In other instances, a “step-out” trade occurs when the investment manager executes a single trade for multiple clients by aggregating orders into a single “block.” A “block” trade can potentially provide the client with a better overall price and/or return because a single order can potentially result in better execution versus placing multiple separate orders. When an investment manager executes a “block” order, that investment manager is seeking to obtain the best-execution and best price. Aggregating transactions into a single trade can potentially afford EPS, the Strategists, or the Sub-Managers more control over the execution of the trade, including potentially avoiding an adverse effect on the price of the security that could result from effecting a series of separate, successive, and/or competing small trades with multiple broker-dealers or clearing firms.

Premier fees do not cover any fees, costs, or expenses resulting from “step-out” trades effected with, or through, broker-dealers or clearing firms other than NFS. They also do not cover any mark-ups or mark-downs (*i.e.*, adjustments to your purchase or sale price above or below the current market price of the applicable security) by any such other broker-dealers or clearing firms. As such, clients are responsible for any such additional transaction, trading, and execution fees, costs, and expenses in addition to the applicable program fees. Additional costs resulting from step-out trades typically are included in the net price of the securities traded and typically are not reflected as separately identifiable charges on your trade confirmations or account statements. It is expected that EPS, the Strategists, and the Sub-Managers would typically consider trades executed through NFS to be without commissions or retail mark-ups or mark-downs when comparing the cost of trading securities with other broker-dealers. LFA would expect such a comparison by an investment manager to generally result in a decision to execute most trades through NFS. However, EPS, the Strategists, and the Sub-Managers may from time to time believe they are able to obtain better execution utilizing step-out trades. Additionally, certain third-party managers participating in Premier have historically utilized step-out trades for a significant portion, if not all, of their trades in certain strategies available through Premier (including, but not limited to, certain fixed-income, options, and ETF

strategies) and likely will continue to do so in the future. As a result, clients utilizing these third-party managers' strategies will incur all additional fees, costs, and expenses resulting from such step-out trades, which will increase their overall cost of participation in Premier.

Clients should review EPS's and applicable Strategists' and Sub-Managers' Forms ADV, Part 2A to learn if they execute step-out trades and the criteria they use in selecting a broker-dealer or clearing firm to do so. Further information regarding the frequency of EPS, Strategist, and Sub-Manager utilization of step-out trades and a general description of the additional costs related to step-out trades can be found on our website at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv). If you have any questions regarding this information or step-out trading in your account and related costs, please contact your IAR.

### Best Execution

In placing orders for the purchase and sale of securities and directing brokerage to effect these transactions, an investment manager's primary objective is to obtain the best qualitative execution for clients in each client transaction so that the client's cost per transaction is the optimal combination of price and service considering all relevant factors, including, but not limited to, the type of security, timeliness of execution, efficiency of execution, and any other relevant considerations. As such, an investment manager may choose to execute "step-out" trades as discussed above.

Further information regarding the frequency of EPS, Strategist, and Sub-Manager utilization of step-out trades and a general description of the additional costs related to step-out trades can be found on our website at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv). If you have any questions regarding this information or step-out trading in your account and related costs, please contact your IAR.

Actual fees charged to a specific client or account vary and are disclosed in the SIS signed by the client upon election of services under Premier. Fees are not charged on the basis of a share of capital gains or capital appreciation of a client's funds or any portion of a client's funds. Additional transaction, trading, execution, and brokerage service charges clients will pay, when applicable, are detailed in their client service agreement, SIS, and other account-opening documentation, including the LFA Fee Schedule or other applicable trading, transaction, execution, and brokerage service fee schedules.

IARs, Sub-Managers, Strategists, and EPS will direct investments into certain securities, including, but not limited to, ETFs and mutual funds that participate in the custodian's designated NTF program. At times, these ETFs and mutual funds may elect to cease participation in the custodian's NTF program. LFA and IARs have no control over, or discretion regarding, the mutual funds that are included within NFS's NTF mutual fund program. Please see the Other Client Fees and Expenses section below for further information on NTF and transaction fee ("TF") mutual fund fees, costs, and expenses. Some mutual funds and custodians impose a short-term redemption fee upon liquidation of a mutual fund position if that position was not held for a sufficient amount of time as described in the applicable mutual fund's prospectus. None of LFA, the IAR, custodian, or EPS determines or receives any portion of the short-term redemption fee imposed by a mutual fund.

### Terminating Accounts

A Program Account may be terminated by LFA or the client by providing written notice to the other party. Upon termination of your participation in a Premier program for which program fees are charged in advance (*i.e.*, at the beginning of the applicable billing period), you will be entitled to a pro-rata refund of any prepaid, unearned monthly or quarterly program fees, as applicable, based upon the number of days remaining in the month or quarter after termination. Applicable pro-rata refunds will be made within a reasonable amount of time following termination in accordance with LFA's standard refund processing timelines. Upon termination of your participation in a Premier program for which program fees are charged in arrears (*i.e.*, following the completion of the applicable billing period), any and all unpaid but earned monthly or quarterly program fees, as applicable, will be immediately due and payable to LFA and the other parties providing services to your account. Please refer to your client service agreement, SIS, and other account-opening documentation for additional information regarding the timing of, and methodology used in calculating, your monthly or quarterly program fees and applicable reimbursements.

## Clearing Firm Relationship

Through its clearing relationship with NFS, LFA receives various revenue streams, including, but not limited to: 12b-1 fees on certain Fidelity money market funds used by clients as cash sweep vehicles; revenue sharing payments from NFS based upon clients' cash sweep balances held in NFS's taxable interest bearing cash option, FCASH; interest payments from NFS based upon a portion of the aggregate short market value of clients' accounts; a portion of the interest rate clients pay on margin loans; a portion of the interest rate clients pay on cash debits in their accounts; interest on cash balances in client accounts that have not selected a cash sweep option; a portion of the interest rate clients pay on NFS SBLOCs; all or a portion of the transaction, trading, execution, and brokerage service charges established, controlled, and charged by LFA and disclosed in the LFA Fee Schedule; annual and other business development credits, as further described herein; and account transfer cost credits, as further described herein.

LFA's receipt of these and other revenue streams through its clearing relationship with NFS supports and defrays the costs LFA has related to the ongoing operational and administrative maintenance of client accounts and compensates LFA for the various services it provides in its role as broker-dealer of record and/or program sponsor for such client accounts. LFA's receipt of these revenue streams is a factor that LFA considers when selecting a custodian and clearing firm, such as NFS, for its programs and client accounts. This presents a conflict of interest for LFA given LFA's financial incentive to select custodians and clearing firms like NFS through which LFA will receive the highest rate and amount of revenue, rather than other available custodians and clearing firms through which LFA will receive relatively lower or no revenue. Additionally, this presents a conflict of interest for LFA given LFA's financial incentive to recommend itself as your broker-dealer of record (rather than other available broker-dealers), which affords LFA the discretion to set the amounts and rates of many of the charges that result in these revenue streams in a manner that generates the highest possible revenue to LFA. For example, when LFA serves as your broker-dealer of record, LFA generally exercises its discretion to set these charges at amounts and rates that are higher than the related fees, costs, and expenses, if any, that LFA pays to NFS for clearance and execution of transactions and related services. For certain charges imposed by LFA (e.g., charges related to the transfer of clients' non-retirement account assets to another firm ("ACAT Exit Fees")), LFA pays no related fees, costs, or expenses to NFS. These are sometimes called "markups" and they vary by product, the type of service provided, the nature and amount of transactions involved (if applicable), the type of account, and other factors. This practice generally will result in your payment of higher fees, costs, and expenses than you would otherwise pay to NFS or other available service providers (e.g., on margin loans, cash debits, and SBLOCs and for any applicable transaction, trading, execution, and brokerage service charges) and your receipt of lower interest rates and other payments than you would otherwise receive from NFS or other available service providers (e.g., on FCASH balances, short positions, and cash balances in accounts not selecting a cash sweep vehicle). We mitigate these conflicts of interest by disclosing them to you, crediting your account for 12b-1 fees that we receive as broker-dealer of record from money market and other mutual funds held in your account, ensuring the revenue LFA receives from these sources is not shared with the IARs providing investment advisory services and investment recommendations to you and your account, and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

## Other Client Fees and Expenses

In addition to the program fees and applicable transaction, trading, execution, and brokerage service charges described above, clients will incur applicable fees, costs, and expenses imposed by third parties in connection with the investments made through their Program Accounts. These fees, costs, and expenses that clients will incur, when applicable, include, but are not limited to: the internal expenses of money market mutual funds (including those used as cash sweep vehicles) and other mutual funds, including, but not limited to, management fees, 12b-1 fees, sub-transfer agency fees, other shareholder servicing expenses, custodial expenses, legal expenses, accounting expenses, transfer agent expenses, administrative expenses, and other operating expenses; mutual fund networking fees; deferred sales charges on previously purchased mutual fund shares transferred into a Program Account; other transaction charges and service fees; and other charges permitted or required by law. LFA receives all or a portion of certain of these fees, including, but not limited to, 12b-1 fees, and, as such, LFA has a conflict of interest given its financial incentive to recommend that you use products, share classes, and strategies that provide LFA the highest rate and amount of compensation, rather than other available products, share classes, and strategies that provide LFA relatively lower or no compensation. We mitigate this conflict of interest by disclosing it to you, crediting your account for 12b-1 fees that we receive as broker-dealer of record from money market and other mutual funds held in your account, not sharing any of these revenues with the IARs that recommend transactions

or strategies for your account, and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. Further information regarding the various fees, costs, and expenses charged by a money market mutual fund or other mutual fund, ETF, annuity, or other security or investment product is available in the applicable prospectus or other offering documents.

A client can invest in mutual funds and other securities and investment products directly, without the services of LFA or an IAR. In that case, the client will not receive the services provided by LFA or the IAR, which are designed, among other things, to assist the client in determining on an ongoing basis which mutual funds or other investments are suitable for and in the best interest of the client given the client's investment objectives, financial circumstances, and other characteristics. Accordingly, the client should review both the fees charged and expenses incurred by the mutual funds and other securities and investment products and the fees charged and services provided by LFA and the IAR to understand the total amount of fees to be paid by the client and thereby evaluate the services being provided.

As described above, other costs that will be charged to the client, when applicable, and that are not part of the program fee include, but are not limited to: transaction, trading, and execution charges, where applicable; brokerage service charges, including, but not limited to, inactive brokerage account fees, cash management account fees, retirement account termination fees, ACAT Exit Fees, AI custody and valuation fees, electronic fund and wire transfer fees, overnight check fees, returned check fees, stop payment fees, interest on cash debit balances, fees for legal transfers and legal returns of stock certificates, securities safekeeping fees for physical certificates, reorganization fees, fees for direct registration of securities, quarterly paper statement and trade confirmation delivery fees, and tax return filing fees; fees for "step-out" portfolio transactions executed away from your custodian and clearing firm; dealer mark-ups and mark-downs (*i.e.*, adjustments to your purchase or sale price above or below the current market price of the applicable security); spreads paid to market-makers; exchange fees; regulatory fees; and other fees and charges customary to securities brokerage accounts.

Transaction, trading, and execution fees may apply when certain assets are liquidated prior to LFA, EPS or a Sub-Manager commencing investment management services. Where applicable, transaction, trading, and execution fees, costs, and expenses vary depending on the type of mutual fund (*e.g.*, TF mutual funds versus NTF mutual funds) or other security or investment product being purchased or sold. For accounts for which LFA serves as broker-dealer of record, transaction, trading, execution, and brokerage service fees, costs, and expenses are detailed in the LFA Fee Schedule, which is provided to you at account opening, will change over time, and can be found on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost. Trading, transaction, execution, and brokerage service charges applicable to accounts for which LFA does not serve as the broker-dealer of record, including, but not limited to, accounts for which FBS serves as broker-dealer of record, are set by the broker-dealer of record for your account (*e.g.*, FBS), are detailed in your account-opening documentation, and will change over time. Please refer to your account-opening documentation, including applicable transaction, trading, execution, and brokerage service fee schedules, for additional information.

### *Mutual Fund Categories and Share Classes*

To the extent that you invest in mutual funds through your Premier account, the mutual funds will either be NTF mutual funds or TF mutual funds. With NTF mutual funds, neither you nor LFA, as applicable, will incur per-trade transaction, trading, or execution fees in connection with each purchase and sale. With TF mutual funds, you or LFA, as applicable, will incur per-trade transaction, trading, and execution fees in connection with each purchase and sale. If you are responsible for per-trade transaction, trading, and execution fees, these fees are described in the LFA Fee Schedule or other transaction, trading, and execution fee schedule applicable to your account. As mentioned above, internal mutual fund fees and expenses, including, but not limited to, 12b-1 fees, vary across mutual fund products and share classes, including NTF and TF mutual funds, as set forth in the prospectus for each mutual fund and share class. Please consult with your IAR to ensure you know and understand the types of mutual fund products and share classes being utilized in your account and their applicable fees and expenses, including internal expenses and transaction charges, if any, you will incur when trading such funds and share classes.

When you purchase a money market or other mutual fund that includes a 12b-1 fee as part of its expense ratio, as disclosed in the mutual fund's prospectus, you will indirectly incur the expense of that 12b-1 fee. 12b-1 fees are typically charged by load-waived Class A and non-institutional share class mutual funds, sometimes also referred to as NTF mutual funds; however, other mutual funds and share classes, including certain TF mutual funds, charge 12b-1 fees and you should refer

to your prospectus for specific information regarding your mutual fund and share class. Mutual fund share classes that pay 12b-1 fees typically have higher internal expenses than other available share classes that do not incur 12b-1 fees. However, in many cases 12b-1 fee paying mutual fund share classes do not incur transaction fees when executing a trade at the clearing firm. These higher internal expenses, including 12b-1 fees, are assessed to investors who purchase and hold higher internal expense share classes, including NTF mutual funds. In certain circumstances, NTF mutual funds will cost you more overall than TF mutual funds that assess a transaction charge but have lower internal expenses. In Premier, LFA credits client accounts for 12b-1 fees that LFA receives as broker-dealer of record from money market and other mutual funds held in client accounts, which reduces the net cost to the client by the amount credited. However, LFA does not credit client accounts for: (1) any 12b-1 fees for any accounts for which LFA does not serve as broker-dealer of record, including, but not limited to, accounts for which FBS serves as broker-dealer of record; and (2) any 12b-1 fees that clients incur but that are not paid to LFA, including, but not limited to, 12b-1 fees paid directly to NFS or other third parties (including in connection with NTF mutual funds' payment of 12b-1 fees to NFS, rather than LFA, in connection with NFS's NTF mutual fund program). Other mutual fund share classes that have lower internal expenses and do not pay 12b-1 fees are available; however, depending on the particular fund, those share classes may incur transaction fees with any purchase or sale. Each share class has eligibility standards as described in the mutual fund's prospectus or statement of additional information.

**As a general matter, clients should not assume that they are always invested in the share class with the lowest internal expenses or costs. Please contact your IAR for more information about share class eligibility, transaction costs, and internal mutual fund expenses, including 12b-1 fees, and please review your mutual fund's prospectus for further information related to the fund's expenses and other important matters.**

Where applicable, transaction, trading, and execution fees, costs, and expenses vary depending on the mutual fund (*e.g.*, TF mutual funds versus NTF mutual funds) or other security or investment product being purchased or sold in your Premier account and are detailed in the LFA Fee Schedule, which is provided to you at account opening, will change over time, and can be found on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost. Transaction, trading, execution, and brokerage service charges applicable to accounts for which LFA does not serve as the broker-dealer of record, including, but not limited to, accounts for which FBS serves as broker-dealer of record, are set by the broker-dealer of record for your account (*e.g.*, FBS), are detailed in your account-opening documentation, and will change over time. Please refer to your account-opening documentation, including applicable transaction, trading, execution, and brokerage service fee schedules, for additional information.

In all circumstances where LFA does not serve as the broker-dealer of record for your Premier account—including, but not limited to, when FBS serves as the broker-dealer of record for your Premier account—and you invest in a mutual fund that incurs a 12b-1 fee, because LFA is not the broker-dealer of record on your account, neither LFA nor any IAR receives those 12b-1 fees nor are those 12b-1 fees credited back to your account by LFA or your IAR. Additionally, LFA does not credit client accounts for any 12b-1 fees that clients incur but that are not paid to LFA, including, but not limited to, 12b-1 fees paid directly to NFS or other third parties. For example, all NTF mutual funds participating in NFS's NTF mutual fund program pay NFS, rather than LFA, any 12b-1 fees included as part of their expense ratios. In this case and all similar circumstances where 12b-1 fees are paid to parties other than LFA, LFA does not credit client accounts for these 12b-1 fees and clients will incur the full amount of such 12b-1 fees. **Clients should not assume that they will receive 12b-1 fee credits from LFA or otherwise in any circumstances where (1) LFA is not the broker-dealer of record on their account or (2) 12b-1 fees are paid to parties other than LFA (*e.g.*, in connection with NTF mutual funds' payment of 12b-1 fees to NFS, rather than LFA, in connection with NFS's NTF mutual fund program).**

## **Compensation**

### ***Custodian and Clearing Firm Relationships***

LFA has a conflict of interest given its financial incentive to select or recommend NFS as the custodian for client accounts, increase or maintain the amount of client assets held with NFS, and maintain its relationship with NFS given the compensation that LFA and its affiliates receive through their custody and clearing arrangements with NFS. For example, in addition to the various revenue streams described above, under the clearing agreement between LFA and NFS, LFA receives annual business development credits from NFS during the term of the clearing relationship, has received non-recurring business development credits from NFS, and is required to make certain payments to NFS if LFA's clearing relationship with NFS is terminated for specified reasons or if LFA fails to maintain specified levels of client assets with

NFS. Additionally, LFA receives reimbursements for account transfer costs associated with client account transfers into NFS that represent new assets for NFS. LFA's receipt of these business development credits and account transfer cost reimbursements, as well as its receipt of the various other revenue streams described herein, presents a conflict of interest of interest for LFA given its financial incentive to: (i) select NFS as the custodian for client accounts, rather than other available custodians and clearing firms through which LFA receives relatively lower or no business development credits, account transfer cost reimbursements, and other compensation and (ii) recommend that clients transfer assets to, and increase their assets held with, NFS, rather than other available custodians that provide LFA relatively lower or no business development credits, account transfer cost reimbursements, and other compensation. Additionally, account transfer cost credits are not offered or available to all new clients transferring their assets to NFS. This creates a conflict of interest for the IAR because he or she selects which clients, if any, receive the benefit of the account transfer cost reimbursements. We mitigate these conflicts by disclosing them to you, attempting to ensure that any account transfer cost reimbursements provided to clients are directly proportional to the actual costs incurred by the clients in transferring their accounts to NFS, and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

For Premier accounts for which transaction, trading, and execution fees, costs, and expenses are included in the asset-based program fee ("asset-based trading fees"), LFA establishes, controls, and charges asset-based trading fees to, among other things, defray its costs associated with trade execution and related services and to compensate it for the various related services it provides in connection with your account. LFA sets asset-based trading fees at rates, and calculates asset-based trading fees using methodologies, that generally result in LFA's receipt of asset-based trading fees that are higher than the related fees, costs, and expenses that LFA pays to NFS or FBS for clearance and execution of transactions and related services. Additionally, in certain circumstances (e.g., in the Premier SMA Program and Premier Unified Portfolio), LFA charges asset-based trading fees on assets in your account for which LFA pays no related fees, costs, or expenses to NFS or FBS. Further, in certain circumstances where asset-based trading fees apply (e.g., in the Premier SMA Program), the asset-based trading fees LFA charge vary based on the investment strategy the client uses (e.g., equity, option, mutual fund, balanced, or fixed income). These are sometimes called "markups." As a result, LFA has a conflict of interest given its financial incentive to: (i) recommend that you participate in the Premier (rather than other available programs, including third-party programs), which enables LFA to establish, control, and charge the various components of your total program fee, including asset-based trading fees; (ii) exercise its discretion to set the amount and rate of your total program fee components, including asset-based trading fees, at levels that generate the highest possible revenue and profit to LFA, which will result in correspondingly higher expenses for you; (iii) recommend that you increase the amount of your assets invested through Premier, which will result in LFA's receipt of higher program fees, including asset-based trading fees, and correspondingly higher expenses for you; (iv) recommend that you use investment strategies that result in LFA's receipt of the highest rate and amount of asset-based trading fees, rather than other available investment strategies that result in LFA's receipt of relatively lower or no asset-based trading fees; and (v) encourage IARs, Sub-Managers, Strategists, and EPS to use products, share classes, and other assets for which LFA pays no related fees, costs, and expenses to NFS or FBS, but for which LFA charges you asset-based trading fees. Further, in certain circumstances (e.g., in the Premier SMA Program and Premier Unified Portfolio), LFA incurs additional per trade charges from NFS or FBS, which LFA does not pass along to clients, if the number of trades in clients' accounts exceed 180 in any year. As a result, LFA has a conflict of interest given its financial incentive to encourage IARs, Sub-Managers, Strategists, and EPS to ensure that the number of trades in these accounts does not exceed 180 in any given year so that LFA avoids these additional per trade charges from NFS or FBS.

Where LFA is the broker-dealer of record on Premier accounts for which separate per-trade transaction, trading, and execution fees apply, LFA acts as a broker for transactions in Program Accounts and establishes, controls, and charges transaction, trading, execution, and brokerage service charges as described in the LFA Fee Schedule to, among other things, defray its costs associated with trade execution and related services and to compensate it for the various services it provides as your broker-dealer. When LFA serves as the broker-dealer on your Program Accounts, LFA has a duty to ensure that its transaction, trading, and execution charges are reasonable in light of LFA's best execution responsibilities. LFA utilizes NFS for several services related to some of the accounts in Premier, including clearance and execution services, through a fully-disclosed clearing agreement. LFA generally sets its transaction, trading, execution, and brokerage service charges at amounts and rates that are higher than the related fees, costs, and expenses, if any, that LFA pays to NFS for clearance and execution of transactions and related services. For certain charges imposed by LFA (e.g., ACAT Exit Fees), LFA pays no related fees, costs, or expenses to NFS. These are sometimes called "markups" and they vary by product, the type of service

provided, the nature and amount of transactions involved (if applicable), the type of account, and other factors. This practice generally will result in your payment of higher fees, costs, and expenses than you would otherwise pay to NFS or other available service providers and your receipt of lower interest rates and other payments than you would otherwise receive from NFS or other available service providers. As a result, these transaction, trading, execution, and brokerage service charges are a significant source of revenue and profit for LFA and LFA has a conflict of interest given its financial incentive to: (i) recommend itself as the broker-dealer of record and NFS as the custodian for your Premier account (rather than other available broker-dealers and custodians), which enables LFA to establish, control, and charge these fees; (ii) exercise its discretion to set the amounts and rates of these charges at levels that generate the highest possible revenue and profit for LFA, which will result in correspondingly higher expenses for you; (iii) recommend specific products, share classes, transactions, and other activities that result in LFA's receipt of the highest rate and amount of these charges, rather than other available products, share classes, transactions, and other activities that generate relatively lower or no charges for LFA and would result in correspondingly lower expenses for you; and (iv) recommend that you frequently transact in products and share classes, and frequently engage in other transactions and activities, that generate the highest rate and amount of these charges for LFA. For example, because transaction, trading, and execution fees, costs, and expenses vary depending on the type of mutual fund (*e.g.*, TF mutual funds versus NTF mutual funds) or other investment product being purchased or sold, LFA earns more from, and has a financial incentive to recommend, transactions involving investment products with the highest transaction, trading, and execution charges, which will result in higher expenses for you, rather than other available investment products with relatively lower or no transaction, trading, and execution charges. By way of example, as of the date of this Brochure, you would incur, and LFA would receive, a \$9 charge for the first 1,000 listed equity shares you trade, a \$40 charge for a corporate bond you trade, a \$15 minimum charge for a TF mutual fund you trade, and no charge for an NTF mutual fund you trade. This example is illustrative only and is not intended to reflect the actual transaction, trading, and execution charges you will incur. Please refer to the current LFA Fee Schedule, which is available on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Cost, for a detailed description of the actual transaction, trading, execution, and brokerage service charges applicable to your Premier accounts at NFS for which LFA serves as broker-dealer of record.

LFA mitigates these conflicts of interest by disclosing them to you; disclosing to you the amount and rate of transaction, trading, execution, and brokerage service charges or asset-based trading fees that you will incur for your Premier account, the services you receive, and the investment products you purchase, hold, and sell in your account; not sharing any transaction, trading, execution, or brokerage service charges and/or asset-based trading fees with the IARs that recommend products, share classes, transactions, strategies, or services for your account; and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. See the Other Client Fees and Expenses section below for further information on these transaction, trading, execution, and brokerage service charges, LFA's role as broker-dealer of record on your Premier account, and LFA's related conflicts of interest.

When acting as the broker-dealer of record on your account, LFA is responsible for and performs a number of broker-dealer functions and services with respect to your account and any securities transactions therein. LFA's responsibilities include, but are not limited to: collecting, verifying and maintaining documentation about you and your account; approval and acceptance of your account; reviewing and supervising activities, including trading activities, within your account; reviewing and either accepting or rejecting any transactions within your account; transmission of all orders with respect to your account; supervision of all orders and accounts, including maintaining compliance with best interest standards and regulatory requirements, as applicable; and ensuring that any mutual fund orders are in compliance with the terms of the applicable prospectus. LFA maintains substantial operational, compliance, and technology resources in support of its broker-dealer operations necessary to provide these and other services in connection with your account and any transactions effected in your account.

LFA does not retain 12b-1 fees that it receives as broker-dealer from money market and other mutual funds held in Premier accounts. LFA credits 12b-1 fees that it receives as broker-dealer from money market and other mutual funds held in client accounts back to the client accounts that generated the 12b-1 fee payments to LFA. However, LFA does not credit 12b-1 fees for any accounts for which it does not serve as the broker-dealer of record, including, but not limited to, accounts for which FBS serves as broker-dealer of record. Additionally, LFA does not credit client accounts for any 12b-1 fees that clients incur but that are not paid to LFA, including, but not limited to, 12b-1 fees that clients incur but that are paid to NFS or other third parties. For example, all NTF mutual funds participating in NFS's NTF mutual fund program pay NFS, rather than LFA, any 12b-1 fees included as part of their expense ratios. In this case and all similar circumstances where 12b-1

fees are paid to parties other than LFA, LFA does not credit client accounts for these 12b-1 fees and clients will incur the full amount of such 12b-1 fees. **Clients should not assume that they will receive 12b-1 fee credits from LFA or otherwise in any circumstances where (1) LFA is not the broker-dealer of record on their account or (2) 12b-1 fees are paid to parties other than LFA (e.g., in connection with NTF mutual funds' payment of 12b-1 fees to NFS, rather than LFA, in connection with NFS's NTF mutual fund program).**

For complete fee details, please see your client service agreement and SIS, the LFA Fee Schedule or other transaction, trading, execution, and brokerage service fee schedule applicable to your account, and the supporting documentation you received in connection with the program, including applicable mutual fund and other investment product prospectuses and other offering documents.

LFA has arrangements with NFS and other custodians under which LFA provides the custodians with certain services, which vary by custodian. These services generally include, but are not limited to, (i) clerical assistance in completing account opening paperwork and opening client accounts, (ii) clerical assistance in maintaining client accounts, processing asset transfers and money movement, (iii) reconciling and assisting in updating client account information, (iv) clerical assistance in connection with client questions and account information research, (v) helping clients with using brokerage and account services such as periodic investment programs and check writing services, (vi) notifying custodian of certain customer complaints, and (vii) monitoring activity in client accounts.

### ***Margin and Securities Backed Line of Credit***

If you enter into a margin loan or a securities-backed line of credit, or "SBLOC," with a lender for one of your accounts maintained in Premier, LFA will receive compensation from certain lenders based on the total amount of your outstanding margin loan or SBLOC balance. With margin loans, LFA exercises its discretion to establish, control, and receive a portion of the interest rate that you pay the lender on your outstanding margin loan balance. The amount of interest paid to LFA varies depending on your outstanding margin loan balance and other factors and increases the interest rate that would otherwise be charged to you for the margin loan. With an SBLOC, LFA is compensated through payments from the lender based on the amount of your outstanding loan balance. The total amount of compensation LFA receives varies depending on each individual SBLOC and increases the interest rate that would otherwise be charged to you for the SBLOC. LFA has a conflict of interest as a result of its financial incentive to recommend that you purchase securities that require the use of margin, apply for margin loans and SBLOCs, use margin loans and SBLOCs, and increase the amount of your outstanding margin loan and SBLOC balances because LFA will receive more compensation when you do so. Additionally, in the case of SBLOCs, not all available lenders pay LFA compensation and those that do pay LFA different rates and amounts of compensation. As a result, LFA has a conflict of interest given its financial incentive to recommend that you utilize SBLOCs from lenders that pay LFA the highest rate and amount of compensation, rather than SBLOCs from available lenders that pay LFA relatively lower or no compensation.

Additionally, LFA and your IAR have a conflict of interest in recommending that you use margin loans and SBLOCs since their asset-based advisory fees are charged on your total account value, without deducting the balance of any outstanding margin loan or SBLOC. For example, if LFA and your IAR recommend that you utilize a margin loan to purchase securities, the full value of those securities will be subject to LFA's and your IAR's asset-based advisory fees, which will increase the compensation they will receive from you and increase your overall expenses. Similarly, LFA and your IAR have a conflict of interest in recommending that you use margin loans and SBLOCs for liquidity purposes rather than liquidating your holdings or using other sources of liquidity. This is true because LFA and your IAR will financially benefit from your margin loan or SBLOC because you don't have to liquidate assets in your account to pay for things with cash, which would diminish the assets held in the account and the asset-based advisory fees that would be earned by LFA and your IAR from holding and engaging in future transactions with those assets. For example, by encouraging you to take out a margin loan or an SBLOC to fund a purchase or financial need rather than liquidate securities or withdraw cash from your accounts, LFA and your IAR will continue to earn asset-based advisory fees on your full account value, without deducting the balance of your outstanding margin loan or SBLOC. However, your IAR receives no other compensation, fees, or incentives related to your decision to use a margin loan or an SBLOC or maintain a margin loan or SBLOC balance.

## *Compensation for the Sale of Securities*

Clients have the option to purchase securities and other investment products recommended by LFA and the IARs through other brokers or agents that are not affiliated with LFA. Commissions and other compensation for the sale of securities and other investment products provide other sources of compensation for LFA and many of the IARs; however, commissions are not charged by LFA or the IARs in connection with transactions in Premier (though clients will incur applicable transaction, trading, execution, and brokerage service charges as detailed in their account-opening documentation).

Depending on which products and services you purchase and use, you will receive materials that disclose important information, such as product prospectuses, client service agreements, SISs, applications, and disclosure brochures. You should read and evaluate this information carefully and contact your IAR with any questions.

LFA has agreements with many mutual fund families, AI sponsors, insurance companies, third-party (or turn-key) asset management program (“TAMP”) sponsors, Strategists, and other counterparties (collectively, “sponsors”) under which sponsors provide additional compensation, sometimes called “marketing support,” to LFA. These marketing support payments subsidize the cost of educational programs and marketing activities that are designed to help facilitate the utilization of these sponsors’ programs, products, and services and to make our IARs more knowledgeable about these sponsors’ programs, products, and services. In addition, these payments allow these sponsors’ representatives to attend and participate in LFA conferences where IARs are present, one-on-one marketing meetings, and due diligence presentations. In some cases, these payments also compensate LFA for administrative services it provides in connection with the sponsors’ product offerings. The method, timing, rate, and amount of these marketing support payments vary by sponsor, program, product, share class, asset class, investment strategy, and service, but marketing support payments typically are paid using one or more of the following methodologies: payment of a percentage of each sale (or of the premium paid on annuities and insurance products); payment of a flat amount per sales transaction; payment of an annual fee based on a percentage of total LFA client assets held with the sponsor; and/or payment of a flat annual fee. Payment rates and amounts vary by sponsor, but, as of the date of this Brochure, sponsors generally pay LFA: up to 1.5% of the gross amount of each sale (or of the premium paid on annuities and insurance products); up to \$250 per sales transaction; up to 0.15% annually of total LFA client assets held with the sponsor; and/or flat annual fees that do not exceed \$1,900,000 annually. Accordingly, with respect to the arrangements where payments are based on a percentage of each sale (or of the premium paid on annuities and insurance products), a flat amount per sales transaction, or total client assets held with the sponsor, the payments LFA receives will increase with the amount of client assets placed with the sponsor.

In addition to the marketing support payments that LFA receives through the formal marketing support arrangements described above, sponsors, including, but not limited to, those that have formal marketing support arrangements with LFA, make flat dollar payments to LFA from time to time. These payments are not made as part of any formalized agreement, but rather for specific activities, including, but not limited to, exhibit booth space, presentation opportunities at LFA meetings or similar events, attendance at conferences, educational events for IARs, and participation in other training and educational events. Some sponsors also reimburse LFA and, indirectly, IARs for certain expenses in connection with due diligence meetings, training and educational events, seminars that offer educational opportunities for clients, and similar events. Some sponsors also provide LFA and IARs with nominal gifts and gratuities, including, but not limited to, merchandise bearing the brand or logo of the sponsor.

The marketing support payments LFA receives from sponsors create financial incentives for LFA that result in conflicts of interest for LFA. In particular, LFA has a conflict of interest given its financial incentive to include the sponsors, programs, products, share classes, and services that make marketing support payments to LFA on LFA’s platform and to recommend that you utilize sponsors, programs, products, share classes, and services that make such payments to LFA, rather than sponsors, programs, products, share classes, and services that do not make such payments to LFA. In addition, LFA has a financial incentive to include the sponsors, programs, products, share classes, and services that make the highest rate and amount of marketing support payments to LFA on LFA’s platform and to recommend that you utilize those sponsors, programs, products, share classes, and services, rather than sponsors, programs, products, share classes, and services that make relatively lower or no marketing support payments to LFA. Additionally, certain sponsors make marketing support payments to LFA only in connection with certain programs, products, share classes, asset classes, investment strategies, and services (and not others that are available), and certain sponsors pay LFA more or less marketing support depending on the particular program, product, share class, asset class, investment strategy, or service used. Given these facts, LFA has a conflict of interest given its financial incentive to recommend that you use the programs, products, share classes, asset

classes, investment strategies, and services that generate the highest rate and amount of marketing support payments to LFA, rather than other available programs, products, share classes, asset classes, investment strategies, and services that generate relatively lower or no marketing support payments to LFA. Further, LFA limits the third-party variable annuities and fixed indexed annuities that are available through LFA to those offered by sponsors that make marketing support payments to LFA. As a result, LFA and IARs cannot recommend variable annuities or fixed indexed annuities from sponsors that do not make these payments to LFA and that could potentially cost you less overall and otherwise be in your best interest. This presents a conflict of interest for LFA and IARs given their incentive to recommend the variable annuities and fixed indexed annuities that are available through LFA's platform. LFA mitigates these conflicts of interest by disclosing them to you, not sharing any marketing support payments with the IARs that recommend sponsors, programs, products, share classes, asset classes, investment strategies, or services for your account, and requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

You should be aware that there are sponsors, programs, products, share classes, asset classes, investment strategies, and services available through LFA that do not pay LFA any marketing support payments and therefore are likely to be less expensive for you to use than sponsors, programs, products, share classes, asset classes, investment strategies, and services that do make such payments to LFA.

For up-to-date information regarding LFA's marketing support arrangements, including a list of sponsors with which LFA has formal marketing support arrangements, a description of the revenue LFA receives, and LFA's related conflicts of interest, please see the marketing support disclosures available on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) under My accounts—Disclosures. Please review these marketing support disclosures in detail and discuss any questions you may have with your IAR.

LFA, the IARs, and clients also receive the benefit of certain services provided by program sponsors and custodians. These services include performance reporting, statement creation and delivery, technology systems including online access to account information, fee liquidation, notification and payment services, marketing material and other services related to the management of investment advisory accounts. Some of these services will result in additional fees, costs, and expenses to LFA, the IARs, and clients, while others are packaged and available as part of an investment advisory program without itemization of the cost of each product or service.

### ***IAR Compensation***

Some IARs receive additional compensation and benefits (including, but not limited to, AUM discounts and educational and other opportunities) for reaching certain levels of assets under management in LFA's investment advisory programs and certain other benefits (including, but not limited to, recognition trips) for generating a certain amount of revenue in investment advisory fees, commissions, or both within a certain time period, typically one year. Clients are not charged any additional fees due to these circumstances. However, IARs' receipt of additional compensation and benefits presents a conflict of interest for IARs that has the potential to affect IARs' judgment and the recommendations and selections they make for you and your accounts. In particular, these forms of compensation and benefits incentivize your IAR to recommend that you bring your assets from another firm to LFA, or to increase the amount of assets in your account. We mitigate this conflict of interest by disclosing it to you and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

Most IARs can recommend annuities, model portfolios, and other products that are managed and/or sold by Lincoln Financial Group companies, including, but not limited to, LNL and Lincoln Life & Annuity Company of New York ("LLANY"), provided that the recommendations are suitable and in the client's best interest given the client's investment objectives, financial circumstances, and other characteristics. IARs, LFA, and other Lincoln Financial Group companies will profit when LFA clients purchase or use Lincoln Financial Group products as a result of IARs' recommendations. This presents a conflict of interest as LFA and the IARs have a financial incentive to recommend products based on the compensation they and their affiliates receive, rather than on a client's needs. We mitigate this conflict of interest by disclosing it to you and by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

In some cases, IARs receive more compensation when placing Lincoln Financial Group manufactured products and qualify for additional compensation based on the volume of those sales over time. IARs also receive additional compensation and other incentives based on factors including sales volume of certain Lincoln Financial Group products, the length of time that clients keep assets in the products, and the profitability of the products. IARs also receive compensation based on the sales of Lincoln Financial Group products by other representatives. Some IARs participate in benefit programs whose costs are partially reimbursed by Lincoln Financial Group affiliates, and/or which are based on sales volume of Lincoln Financial Group products. LFA-affiliated companies also benefit financially from the sale of Lincoln Financial Group life insurance, annuity, mutual fund, asset management, and other products offered by IARs. These arrangements present conflicts of interest for LFA and IARs as they create financial incentives for LFA and IARs to recommend products for which they and their affiliates receive the highest rate and amount of compensation and other benefits, rather than other available products for which they and their affiliates receive relatively lower or no compensation and benefits. We mitigate this conflict of interest by disclosing it to you and attempting to ensure that IARs' and LFA registered representatives' recommendations are in your best interest, including by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. Because of the way products are priced and marketed, in certain circumstances, IARs will receive higher compensation for the sale of products offered by companies not affiliated with Lincoln Financial Group. In these circumstances, IARs have a conflict of interest given their financial incentive to recommend these other products.

Certain IARs who move their practices to LFA receive significant loans from LFA to help facilitate their transition from a prior firm to LFA. These loans are based on a percentage of the revenue earned, compensation received, or assets serviced or managed by the IAR at his or her prior firm. LFA makes these loans to IARs at interest rates and on other terms that are more favorable than IARs would be able to obtain from other lenders. Depending on the arrangement between LFA and the IAR, the repayment of these loans is fully or partly forgiven or waived by LFA when the IAR reaches specified sales or revenue generation levels or when the IAR has been affiliated with LFA for a specified length of time. With respect to loans that are forgiven or waived by LFA based on sales or revenue generation, certain loans are forgiven or waived by LFA based on the IAR's total sales and revenue generation across all products and services offered through LFA, including both Lincoln Financial Group and non-Lincoln Financial Group products and services, while other loans are forgiven or waived by LFA based solely upon the IAR's accumulation of assets in LFA's Premier investment advisory programs or sale of other proprietary Lincoln Financial Group products and services. In certain circumstances, loan forgiveness and waivers are also funded by additional compensation for sales and revenue generation. These forgivable loan arrangements create conflicts of interest for the IAR because he or she has an additional financial incentive to remain affiliated with LFA until his or her outstanding loan balance is forgiven or waived by LFA; encourage clients to engage LFA to provide services and, in particular, those services that result in the forgiveness or waiver of his or her outstanding loan balance, rather than other available services (*e.g.*, an IAR may recommend that a client select an LFA investment advisory account relationship over a broker-dealer account relationship in order for the IAR to earn additional loan forgiveness based on his or her accumulation of assets in LFA's Premier investment advisory programs); encourage clients to purchase products and services through LFA and, in particular, those products and services that result in the forgiveness or waiver of his or her outstanding loan balance, rather than other available products and services; and otherwise achieve specified levels of sales or revenue generation that will result in the forgiveness or waiver of his or her outstanding loan balance, which has the potential to impact the account-type, product, and service recommendations and selections the IAR makes for you and your account. LFA has revised its production-based forgivable loan program to implement new required controls and policies. These controls and policies attempt to ensure that the loan amount provided to any IAR is not disproportionate to the IAR's applicable production and compensation amounts earned historically. Additionally, the amount that is forgiven in any one year of the term of the loan is capped, unless an exception is granted. This structure and approach attempt to avoid unduly influencing an IAR to have significant disproportionate production or compensation earned in any given year to attempt to receive a large windfall in having large outstanding loan amounts forgiven. Please see your IAR's Form ADV, Part 2B for additional information regarding any forgivable loans they have outstanding with LFA.

The conflicts of interest arising from the IAR compensation arrangements described above are mitigated by the fact that LFA, LNL, and their affiliated companies have designed and implemented reasonable policies and procedures to help ensure that IARs make recommendations, including account-type recommendations, and provide advice that is suitable for and in the best interest of their clients in compliance with applicable best interest requirements and fiduciary obligations. In particular, LFA mitigates these conflicts by requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment

objectives, financial circumstances, and other characteristics. In addition, LFA maintains a supervisory system that includes conducting periodic supervisory and compliance inspections and audits related to the advice and recommendations being provided by IARs.

## **Item 5: Account Requirements and Types of Clients**

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### **ACCOUNT REQUIREMENTS**

The minimum investment amount varies by the Premier Series Program investment program selected and, if applicable, by the Sub-Manager or Strategist selected. Generally, the investment minimums for the Premier Series Program investment programs discussed above are as follows:

- Premier SMA Program – \$100,000 for each Sub-Manager selected
- Premier Unified Portfolio – \$250,000
- Premier Manager (Mutual Fund) Program – \$25,000
- Premier Strategist Program – \$10,000 to \$50,000 for each Strategist selected

Actual minimum investment amounts for any Premier Series Program investment strategy, Sub-Manager, or Strategist vary and are in certain cases higher or lower than listed above. The minimum investment amounts generally are negotiable at the discretion of LFA, EPS, Sub-Managers, or Strategists, as applicable.

### **TYPES OF CLIENTS**

LFA generally provides investment advisory services to Premier accounts for individuals, high net worth individuals, pension and profit-sharing plans, charitable organizations, corporations and other businesses, and state or municipal government entities.

## **Item 6: Portfolio Manager Selection and Evaluation**

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### **SELECTION PROCESS**

EPS selects Sub-Managers for the programs by evaluating certain quantitative and qualitative data. Sub-Managers are reviewed and analyzed by EPS both on an initial and ongoing basis. The information reviewed by EPS typically includes: rates of return, standard deviation of returns, risk-adjusted returns, assets under management, investment philosophy, adherence to investment style, business reputation, stability of management and investment staff, regulatory history, and experience and capability in managing asset management accounts. EPS periodically reviews the Sub-Managers to facilitate the addition of new managers to the programs. If EPS determines that a Sub-Manager fails to meet its standards under one or more of the above-referenced criteria, EPS may replace that Sub-Manager. Sub-Managers may be affiliated with LFA. LFA may also independently review and analyze Sub-Managers and recommend their addition or removal from the programs.

The client ultimately determines the portfolio manager for his or her Program Account, whether electing LFA, IAR, EPS, or one or more Sub-Managers to manage the client's assets in the Program Account.

Not all Sub-Managers calculate and report performance on a uniform and consistent basis. LFA does not independently audit the historical performance published by third-party investment managers, which includes the Sub-Managers. Clients are strongly encouraged to carefully review the third-party investment managers' disclosures regarding prior performance to determine the relevance of the prior performance to the client's account.

LFA's review and selection of service providers for Premier is based on the service providers' ability to provide an overall set of services necessary to administer the program, which may include a variety of functions such as investment research, technology, and administrative support. If LFA, through its ongoing evaluation of any service provider, determines that they

are no longer able to perform these services effectively, LFA may replace them with another service provider or discontinue the program.

As discussed above in Item 4, Services, Fees and Compensation, LFA offers a wide variety of investment advisory programs and services. EPS offers various investment strategies for consideration by IARs based on the IARs' evaluation of their clients' needs and objectives, investment time horizons, risk tolerances and other pertinent factors. EPS's research team uses a number of analytical tools and software programs in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes and correlation among asset class returns. EPS offers overall strategies that include asset allocation and investment portfolio recommendations for the asset classes. IARs may select, or recommend that their clients select, one or more strategies offered by EPS that are most aligned with their clients' objectives and risk tolerance. For more information on EPS's investment management services, please see EPS's Form ADV, Part 2A, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Tax Overlay and Impact Overlay Services Available in Premier Unified Portfolio**

In Premier Unified Portfolio, you can request that EPS and its affiliates apply tax overlay services and/or impact overlay services to your account. By requesting tax overlay services, you are requesting that your IAR work with EPS and its affiliates to manage your program assets in a manner that attempts to minimize the potential tax burden that would be accrued as a result of the investment strategy you have selected. Tax overlay services provide a holistic and customizable solution for clients that want to control and customize their realization of large unrealized gains that are embedded in their portfolios, or for clients who have other unique circumstances that require individualized strategies. By requesting impact overlay services, you are requesting that your IAR work with EPS and its affiliates to manage your program assets utilizing investment strategies and investment screens that align with a comprehensive representation of your personal values. Please note that by electing tax overlay services and/or impact overlay services, you will incur an additional annual Overlay Services Fee that will be added to your program fee as described in Item 4, Services, Fees and Compensation, above. The application of tax overlay services and/or impact overlay services can potentially lead your IAR, EPS, and EPS's affiliates to take actions for your account that differ from the actions taken by them for other clients' Premier Unified Portfolio accounts where tax overlay services and/or impact overlay services have not been selected. The selection of tax overlay services and/or impact overlay services can potentially limit the universe of investment managers available for you and your IAR to select and can potentially cause your account's investment performance, risk profile, and other characteristics to differ from those of Premier Unified Portfolio accounts not subject to any restrictions due to tax and/or impact considerations. Clients should understand that the tax overlay services do not constitute tax, accounting, or legal advice and, as such, clients are encouraged to seek advice from an independent tax advisor regarding their particular circumstances.

### **Impact Investment Screening**

You can elect to apply certain limitations to your Premier account that require the investment manager to avoid investing in certain industries and/or specific companies or securities. This is often referred to as "Impact Investing," "Socially Responsible Investing," or "Environmental, Social and Governance Investing." While there is no additional charge for applying this type of restriction to your Premier account, the application of such restrictions can potentially cause your account's investment performance, risk profile, and other characteristics to differ from those of accounts not subject to any industry, company, or security restrictions. Please note that impact investment screening limitations are different and more limited than the impact overlay services available in Premier Unified Portfolio and described above.

### **PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

LFA and the IARs do not charge fees based on a share of capital gains or capital appreciation of client assets.

### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

LFA's investment services generally cover exchange-listed securities, over-the-counter securities, foreign securities, ETFs, warrants, fixed-income securities, options, annuities, insurance products, corporate debt, municipal securities, U.S. Treasury and government agency bonds, unit investment trusts, commercial paper, certificates of deposit, mutual fund shares, and other securities. Certain mutual funds, annuities, insurance products, and other securities and investment products, including money market funds, are managed or distributed by an affiliate of LFA.

## **Premier SMA Program**

For the Premier SMA Program, the client has access to the investment management services of Sub-Managers and their different investment styles, including equity, option, mutual fund, balanced, and fixed-income, among others. EPS and the IAR will recommend individual Sub-Managers and investment vehicles that correspond to the proposed asset classes and styles. For certain Sub-Managers, EPS has entered into a licensing agreement with the Sub-Manager whereby EPS performs model management, administrative, and/or trading implementation duties pursuant to the direction of the Sub-Manager. In such cases, the Sub-Manager is acting in the role of an investment model provider (a “Model Provider”).

EPS offers various investment strategies for consideration by IARs based on the IARs’ evaluation of their clients’ needs and objectives, investment time horizons, risk tolerances, and other pertinent factors. EPS’s research team uses a number of analytical tools and software programs in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes and correlation among asset class returns. EPS offers overall strategies that include asset allocation and investment portfolio recommendations for the asset classes. IARs may recommend that their clients select one or more strategies offered by EPS that are most aligned with their clients’ objectives and risk tolerance. For more information on EPS’s investment management services, please see EPS’s Form ADV, Part 2A, which is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Premier Unified Portfolio**

In Premier Unified Portfolio, the client can access the investment strategies of Sub-Managers and Strategists, mutual funds, and/or ETFs within a single account. For each Premier Unified Portfolio account, the IAR will recommend or select the investment strategies of one or more Sub-Managers and/or Strategists in addition to mutual funds and/or ETFs in order to create an allocated portfolio. If approved by LFA, Premier Unified Portfolio accounts may also include IAR-directed portfolios or “sleeves” consisting of mutual funds, ETFs, stocks, bonds, and other securities that are customarily available in investment advisory accounts. EPS will act as an “overlay manager” and will use its discretionary authority to execute securities transactions for client accounts in accordance with the instructions of Sub-Managers, Strategists, and/or the IAR and will provide certain other services, including, but not limited to, coordinating Sub-Manager trading and rebalancing. For certain Sub-Managers and for all Strategists, EPS has entered into a licensing agreement with the Sub-Manager or Strategist whereby EPS performs model management, administrative, and/or trading implementation duties pursuant to the direction of the Sub-Manager or Strategist. In such cases, the Sub-Manager or Strategist is acting in the role of a Model Provider. Premier Unified Portfolio offers clients access to a broad selection of Sub-Managers, Strategists, and investment strategies; however, clients should be aware that certain Sub-Managers, Strategists, and investment strategies that are available in other Premier programs (e.g., the Premier SMA Program and the Premier Strategist Program) are not available in Premier Unified Portfolio. Clients should address any questions they have regarding Sub-Manager, Strategist, and investment strategy availability in Premier Unified Portfolio with their IAR before signing their SIS.

EPS offers various investment strategies for consideration by IARs based on the IARs’ evaluation of their clients’ needs and objectives, investment time horizons, risk tolerances and other pertinent factors. EPS’s research team uses a number of analytical tools and software programs in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes and correlation among asset class returns. EPS offers overall strategies that include asset allocation and investment portfolio recommendations for the asset classes. IARs may select, or recommend that their clients select, one or more strategies offered by EPS that are most aligned with their clients’ objectives and risk tolerance. For more information on EPS’s investment management services, please see EPS’s Form ADV, Part 2A, which is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Premier Manager (Mutual Fund) Program**

For the Premier Manager (Mutual Fund) Program, EPS will create an asset allocation portfolio consisting of one or more mutual funds based on the investment strategy selected by the client. The Premier Manager (Mutual Fund) Program is a discretionary program managed by EPS, offering model portfolios with various risk/return profiles. Once the client’s assets are invested, EPS may add, remove, or replace mutual funds at its discretion.

EPS offers various investment strategies for consideration by IARs based on the IARs’ evaluation of their clients’ needs and objectives, investment time horizons, risk tolerances and other pertinent factors. EPS’s research team uses a number of

analytical tools and software programs in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes and correlation among asset class returns. EPS offers overall strategies that include asset allocation and investment portfolio recommendations for the asset classes. IARs may recommend that their clients select one or more strategies offered by EPS that are most aligned with their clients' objectives and risk tolerance. For more information on EPS's investment management services, please see EPS's Form ADV, Part 2A, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Premier Strategist Program**

### ***Unaffiliated Strategists***

If a client selects a Strategist that is unaffiliated with LFA (each, an "Unaffiliated Strategist") in connection with the Premier Strategist Program, EPS will manage asset allocation portfolios consisting of mutual funds and/or ETFs on a discretionary basis based on the investment recommendations of the Unaffiliated Strategist(s) selected by the client. Each Unaffiliated Strategist shall be retained by EPS pursuant to an agreement with each Unaffiliated Strategist for portfolio management services on terms and in the manner that EPS deems appropriate. For each Unaffiliated Strategist, EPS has entered into a licensing agreement whereby EPS performs model management, administrative and/or trading implementation duties pursuant to the direction of the Unaffiliated Strategist. In such cases, the Unaffiliated Strategist is acting in the role of a Model Provider.

EPS or an affiliate of EPS may serve as an Unaffiliated Strategist for one or more investment options in Premier and may invest all or a portion of a client's assets in the PMC Funds (as defined below) if the client has selected EPS or its affiliate as an Unaffiliated Strategist. The PMC Funds are a proprietary fund family of EPS's affiliate, Envestnet Asset Management, Inc. ("EAM"). As the investment adviser to the PMC Funds, EAM receives a management fee based on the assets invested in the PMC Funds. Where EPS or an affiliate serves as an Unaffiliated Strategist, EPS does not receive compensation for the portion of assets that are invested in the PMC Funds.

EPS offers various investment strategies for consideration by IARs based on the IARs' evaluation of their clients' needs and objectives, investment time horizons, risk tolerances and other pertinent factors. EPS's research team uses a number of analytical tools and software programs in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes and correlation among asset class returns. EPS offers overall strategies that include asset allocation and investment portfolio recommendations for the asset classes. IARs may recommend that their clients select one or more strategies offered by EPS that are most aligned with their clients' objectives and risk tolerance. For more information on EPS's investment management services, please see EPS's Form ADV, Part 2A, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### ***Lincoln Investment Advisors Corporation***

In addition to Unaffiliated Strategists, LFA offers clients access to an affiliated Strategist, Lincoln Investment Advisors Corporation ("LIAC"), an investment adviser registered with the SEC. If a client selects LIAC as a Strategist in connection with the Premier Strategist Program, LFA will manage asset allocation portfolios consisting of ETFs and/or other securities on a discretionary basis based on model portfolios provided by LIAC. LFA will retain LIAC as a Model Provider and LIAC will provide LFA with model portfolios and related model management services to assist LFA with LFA's management of the client's Program Account. As a Model Provider, LIAC will not act in an investment advisory or fiduciary capacity to clients utilizing LIAC as a Strategist. LFA will be acting in an investment advisory and fiduciary capacity to clients utilizing LIAC as a Strategist. LFA has entered into an agreement with EPS pursuant to which EPS will perform administrative and trading implementation duties. EPS will not act in an investment advisory or fiduciary capacity to clients utilizing LIAC as a Strategist.

LIAC is an affiliate of LFA. If a client selects LIAC as a Strategist in connection with the Premier Strategist Program, LIAC will receive a Strategist Fee for the model management services it provides to LFA. As a result, LFA has a conflict of interest because of its financial incentive to recommend its affiliate, LIAC, over Unaffiliated Strategists, whose selection would not generate Strategist Fee revenue for LIAC. LFA mitigates this conflict of interest by: disclosing it to you; ensuring that any Strategist Fee received by LIAC is not shared with the IAR recommending LIAC as a Strategist for your Program Account; ensuring that any Strategist Fee received by LIAC is reasonable in light of the Strategist Fees charged for

Unaffiliated Strategist programs offered; ensuring that IARs do not have discretionary authority to select a particular Strategist, whether LIAC or an Unaffiliated Strategist, on your behalf in the Premier Strategist Program; ensuring that IARs are not incentivized or receiving any additional compensation when recommending LIAC over an Unaffiliated Strategist; and requiring that there be a review of your account and transactions at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

### **Mutual Fund Categories and Share Classes**

Many mutual funds offer multiple share classes that represent the same underlying investments, but have different fees and expenses (including, but not limited to, 12b-1 fees) and differ in their availability for investment based upon certain eligibility requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A (including load-waived A shares), B, and C shares), many mutual funds offer institutional share classes or other share classes that are specifically designed for purchase in accounts enrolled in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in investment advisory programs usually have lower expense ratios than other share classes. However, these share classes may also have higher transaction costs and certain eligibility criteria as described in the mutual fund's prospectus or statement of additional information.

**As a general matter, clients should not assume that their assets will always be invested in the share class with the lowest possible expense ratio. The investment manager for your account and your IAR may recommend, select, or have your account hold a mutual fund share class that charges higher internal expenses than other available share classes for the same fund.**

Your investment manager's or IAR's assessment of the appropriate share class is based on a range of different considerations, including, but not limited to: whether transaction charges are applied to the purchase or sale of the particular mutual fund or share class; your anticipated level of trading activity in the mutual fund or share class; your anticipated holding period for the mutual fund or share class; the asset-based advisory fee charged for your account; the overall cost structure of the advisory program, including the Sponsor Fee; operational considerations associated with accessing or offering particular share classes (including the presence of selling agreements with the mutual fund sponsors and the ability to access particular share classes through the custodian); and share class eligibility requirements, as applicable. The factors considered, and the weighting of the importance of each of these factors, will vary among investment managers and IARs. The transaction costs and advisory program cost structure are determined by your broker-dealer and LFA, respectively, and are determined based on factors such as the availability of cost sharing, 12b-1 distribution fees, shareholder servicing fees, and other compensation associated with offering a particular class of shares.

In selecting or recommending particular mutual fund share classes, investment managers and IARs may (but are not required to) consider the overall costs and expenses associated with providing ongoing advice and services to the client. Accordingly, the advisory fees that are charged on an account or in the aggregate at the client relationship level may take into consideration the mutual fund share classes in which clients are invested. Clients that are invested in institutional share classes could have higher advisory fees and be assessed higher transaction charges and surcharges for the purchase and sale of mutual funds. Conversely, clients that are invested in retail share classes could be charged lower advisory fees, have lower transaction charges, and receive 12b-1 credits or other fee offsets to reduce the impact of being invested in a share class with higher internal expenses. Clients that prefer or request that transaction charges be minimized or avoided will be invested in share classes with higher internal expenses but lower or no transaction-based charges (such as NTF mutual funds). The higher internal expenses charged to clients who hold higher internal expense share classes, including NTF mutual funds, will adversely affect the performance of their account when compared to available share classes of the same funds that assess lower internal expenses. Please contact your IAR for more information about share class eligibility, transaction costs, and internal mutual fund expenses, and please review your mutual fund's prospectus for further information related to the fund's expenses and other important matters.

### **INVESTMENT DISCRETION**

Clients that participate in the Premier Series Program will grant discretionary investment authority to EPS, LFA, or IAR as further described in the client service agreement. EPS, LFA, and IAR, as applicable, generally will limit the exercise of this authority to the following circumstances:

- For the Premier SMA Program, EPS generally will use this grant of discretion to replace investment vehicles, including Sub-Managers, when it deems such a change is necessary; to rebalance a client’s account as agreed between the client and EPS; to liquidate any “in-kind” assets that are transferred into the program; and to liquidate sufficient assets to pay the program fee when necessary and advisable. EPS has the authority to delegate its discretionary authority to any Sub-Manager selected by client. Where the client has elected a Model Provider, EPS will have full discretionary authority to trade the account in accordance with the Model Provider’s recommendations, subject to any reasonable restrictions imposed by client.
- For Premier Unified Portfolio, EPS will act as an “overlay manager” and generally will use this grant of discretion to execute securities transactions for the client’s account in accordance with the instructions of Sub-Managers, Strategists, and/or the IAR and subject to any reasonable restrictions imposed by client; to provide certain other services, including coordinating Sub-Manager trading and rebalancing; to liquidate any “in kind” assets that are transferred into the program; and to liquidate sufficient assets to pay the program fee when necessary and advisable. EPS has the authority to delegate its discretionary authority to any Sub-Manager selected by the IAR or client, as applicable. LFA provides investment management services in Premier Unified Portfolio on either a non-discretionary basis or a discretionary basis. LFA provides investment management services on a discretionary basis only when written authorization providing discretionary authority is granted to the IAR by such client and the IAR is approved for such activity by LFA. If approved for discretion, the IAR will use such grant of discretion to select Sub-Managers, Strategists, investment strategies, mutual funds, and/or ETFs for the client’s account and to replace those selections from time to time in the IAR’s discretion. Additionally, if a client’s account in Premier Unified Portfolio includes an IAR-directed portfolio or “sleeve,” the IAR will use such grant of discretion to buy, sell, and otherwise acquire and dispose of securities that are customarily available in investment advisory accounts, including, but not limited to, mutual funds, ETFs, stocks, and bonds, in such IAR-directed portfolio or sleeve. The IAR’s discretionary authority does not extend to money movement, including the withdrawal of funds from the client’s account, except as authorized in writing for the withdrawal of fees.
- For the Premier Manager (Mutual Fund) Program, EPS generally will use this grant of discretion to invest in, hold and sell shares in various mutual funds; to liquidate any “in kind” assets that are transferred into the program; and to liquidate sufficient assets to pay the program fee when necessary and advisable.
- For the Premier Strategist Program, EPS or LFA, as indicated in the client service agreement, will use this grant of discretion to invest in, hold and sell shares in various mutual funds, ETFs, or other securities; to liquidate any “in kind” assets that are transferred into the program; and to liquidate sufficient assets to pay the program fee when necessary and advisable.

Specific information regarding the terms of the discretionary trading authority granted to EPS, LFA, and IAR is found in the applicable client service agreement, limited discretionary trading authorization, if applicable, and supporting documentation that a client receives in connection with the Premier Series Program.

Clients should understand that different securities have different internal and external fees, costs, and expenses and that clients’ securities-related fees, costs, and expenses will increase or decrease depending on the particular securities selected by client or by their IAR, EPS, or Sub-Managers using discretionary authority. Additionally, clients participating in Premier Unified Portfolio should understand that Strategist Fee and Manager Fee rates and calculation methodologies vary by Strategist, Sub-Manager, and investment strategy. As a result, clients’ program fees in Premier Unified Portfolio will increase or decrease from the rates reflected in their SIS if they add, remove, or replace Strategists, Sub-Managers, or investment strategies for their Premier Unified Portfolio accounts or if their IAR, EPS, or Sub-Managers use their discretionary authority to do so. Clients’ program fees in Premier Unified Portfolio will also increase or decrease from the rates reflected in their SIS as their assets allocated to individual Strategists, Sub-Managers, and investment strategies fluctuate over time. Clients participating in Premier Unified Portfolio should periodically consult with their IARs for additional information regarding the Strategist Fee or Manager Fee charged by each Strategist, Sub-Manager, and investment strategy from time to time selected for their Premier Unified Portfolio accounts.

## **RISK OF LOSS**

Investments made and the actions taken for client accounts are subject to various material risks, including market, liquidity, currency, economic, and political risks, among others, and will not necessarily be profitable. In addition, there are material risks associated with the securities and other investment products in which you can invest, including, but not limited to, mutual funds, ETFs, interval funds, options, AIs, and annuities. Before investing, clients should refer to the prospectus or other applicable offering documents of those particular securities and investment products for a discussion of material risk factors applicable to those particular securities and investment products and clients' investments therein. Investing in securities involves risk of loss that clients should be prepared to bear. Clients should understand that all investments involve material risk, that investment performance can never be predicted or guaranteed, and that the value of client accounts will fluctuate due to market conditions and other factors. Clients are assuming the risks involved with investing in securities and could lose all or a portion of the amount held in their account. The performance of accounts managed by different IARs will often vary greatly. Past performance is not a guarantee of future results.

## **VOTING CLIENT SECURITIES**

For the Premier SMA Program and Premier Unified Portfolio, EPS, or Sub-Manager, as applicable, will have the authority to exercise its discretion in voting or otherwise acting on all matters for which a securityholder vote, consent, election, or similar action is solicited by, or with respect to, issuers of securities beneficially held as part of the Program Accounts, unless otherwise agreed with the client. The client has the right to revoke this authority at any time. For more information on the proxy voting policies of EPS or any Sub-Manager, please refer to the Form ADV, Part 2A of EPS or the applicable Sub-Manager, which are available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

For the Premier Manager (Mutual Fund) Program and Premier Strategist Program, the client is responsible for voting or otherwise acting on all matters for which a securityholder vote, consent, election, or similar action is solicited by, or with respect to, issuers of securities beneficially held as part of the Program Accounts.

LFA does not accept authority to vote client securities or proxies. Clients will receive their proxies or other solicitations directly from their custodian unless the client has provided proxy voting authority to a third party, such as an investment manager. Clients should address any questions regarding a particular solicitation to their IAR.

### **Item 7: Client Information Provided to Portfolio Managers**

Once the client selects an IAR, the IAR will request information from the client regarding the client's financial background, investment experience, investment objectives, and risk tolerance, among other things, to determine whether Premier is suitable for and in the best interest of the client.

Once a client establishes a Program Account, the IAR will contact the client periodically to determine if there have been any changes in the client's financial situation or investment objectives so that the investment strategy of the Program Account may be adjusted accordingly. The information provided by the client will be shared among LFA, the IAR, EPS and, to the extent applicable, Sub-Managers, and will be used in formulating each of their respective recommendations and strategies in managing the client's assets.

A client should promptly contact their IAR any time the client's financial situation or investment objectives change, or if any of the information previously provided to the IAR has materially changed. The IAR can then determine whether the Program Account and its investments remain suitable for and in the best interest of the client, or if any changes should be recommended.

### **Item 8: Client Contact with Portfolio Managers**

Once a client establishes an advisory relationship with LFA, there are no restrictions on the client's ability to contact LFA or the IAR. Clients may also request direct contact with EPS, a Sub-Manager, or a Strategist; however, these contacts will occur at the sole discretion of EPS or the applicable Sub-Manager or Strategist.

## **Item 9: Additional Information**

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### **DISCIPLINARY INFORMATION**

LFA is a registered broker-dealer and investment adviser. LFA and certain of its financial professionals have been the subject of legal and disciplinary events relating to their brokerage and investment advisory businesses. However, LFA does not view these events as being material to a client's evaluation of LFA's advisory business or the integrity of its management. Additional information regarding LFA's and its financial professionals' legal and disciplinary histories can be found in Part 1 of LFA's Form ADV, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), and on the Financial Industry Regulatory Authority, Inc.'s BrokerCheck website at <https://brokercheck.finra.org/>.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

In addition to LFA's registration as an investment adviser, LFA is also registered as a broker-dealer and sells stocks, bonds, ETFs, mutual funds, annuities, insurance products, options, and other securities, investment products, and services. IARs are also generally registered representatives of LFA. Some of LFA's executive officers are also officers of LNL and LLANY. The proportion of time spent on each of these activities cannot be readily determined.

LFA is affiliated with the following companies due to common ownership by LNC:

- The Lincoln National Life Insurance Company (insurance company);
- Lincoln Life & Annuity Company of New York (insurance company);
- LFA, Limited Liability Company (insurance agency);
- Lincoln Financial Distributors, Inc. (broker-dealer);
- Lincoln Financial Securities Corporation (broker-dealer, investment adviser, and insurance agency);
- Lincoln Investment Advisors Corporation (investment adviser);
- First Penn-Pacific Life Insurance Company (insurance company);
- JPSC Insurance Services, Inc. (insurance agency);
- California Fringe Benefit and Insurance Marketing Corporation (insurance agency);
- LFD Insurance Agency, Limited Liability Company (insurance agency);
- Lincoln Financial Group Trust Company, Inc. (trust company);
- Lincoln Investment Management Company (investment adviser); and
- Westfield Assigned Benefits Company (insurance agency).

LFA and IARs have various conflicts of interest and financial incentives that are created as a result of compensation and other arrangements between IARs, LFA, and LFA's affiliates. These conflicts of interest and the steps LFA takes to mitigate them are described above in Item 4, Services, Fees and Compensation.

LFA periodically recommends or selects other investment advisers for clients and LFA receives compensation directly or indirectly from those investment advisers, which is shared with IARs. This creates a conflict of interest for LFA and the IARs given their financial incentive to recommend or select other investment advisers that pay them the highest rate and amount of compensation, rather than other available investment advisers that pay them relatively lower or no compensation. These conflicts of interest and the steps LFA takes to mitigate them are described above in Item 4, Services, Fees and Compensation.

LFA and your IAR can earn more compensation if you invest through a program described in this Brochure than if you open a brokerage account to buy individual mutual funds or other securities. However, in a brokerage account, you would not receive all the benefits of the programs described in this Brochure, such as ongoing investment advice and portfolio management. Additionally, LFA will receive more compensation, and IARs can negotiate higher fees for their services, in connection with a client's participation in certain Premier investment programs than others. Therefore, IARs and LFA have a conflict of interest given their financial incentive to recommend one of the programs described in this Brochure, rather than other available programs and services that would result in relatively lower or no compensation to LFA and the IARs. Additionally, LFA and IARs have a conflict of interest given their financial incentive to recommend the specific Premier investment programs for which they can negotiate and receive the highest rate and amount of compensation. The decision to invest in an advisory program is solely that of the client. Clients are provided a full description of the services provided in, and fees applicable to, each advisory program. We also require that there be a review of your account and transactions

at account opening and periodically to determine whether they are suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

## **CODE OF ETHICS**

LFA has adopted an Investment Adviser Code of Ethics (the “Code”) and all IARs and “access persons” (as defined under the Investment Advisers Act of 1940, as amended (the “Advisers Act”)) are required to understand and follow its provisions. Through the Code, LFA strives to ensure high standards of professional excellence and ethical conduct among its associates. The Code is aligned with Lincoln Financial Group’s long-standing shared values of: Integrity, Commitment of Excellence, Responsibility, Respect, Fairness, Diversity, and Employee Ownership. LFA will provide a copy of the Code to any client or prospective client upon request. If you would like a copy of the Code, please call (800) 237-3813 or send an email request to [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

## **SECURITIES IN WHICH LFA HAS A FINANCIAL INTEREST**

LFA engages in principal transactions mainly involving debt securities. When doing so, these securities are recommended to LFA’s clients on a fully disclosed basis and are conducted on a “riskless transaction” basis. Under these circumstances, LFA buys or sells securities it recommends to its clients as a principal. All of this information is fully disclosed to clients through trade confirmations.

## **PERSONAL SECURITIES TRADING**

LFA, the IARs, and other associated persons have the ability to buy and sell securities identical to those recommended to clients for their personal accounts. Moreover, the IARs can purchase and sell securities and take other actions for their own accounts, and can recommend the purchase and sale of securities and other actions for others’ accounts, that differ from the advice given or actions taken in providing advisory services to you. In addition, any related person may have an interest or position in certain securities which may also be recommended to clients. This creates a conflict of interest in that IARs have a financial incentive to put their own interests ahead of clients’ interests. LFA procedures require that client orders be placed ahead of orders for LFA accounts or accounts of IARs. Personal securities transactions by IARs are recorded and monitored by LFA. LFA procedures also prohibit LFA orders and orders for the benefit of IARs from being included in any applicable “block trades,” or orders aggregated across client accounts for the purpose of seeking cost-effective execution of client orders. LFA policies require that best execution be sought for all client orders in which LFA or the IARs are responsible for order entry. Where a conflict of interest exists, this is disclosed to the client in the client service agreement, SIS, or other applicable disclosure documents for your account or transaction.

## **REVIEW OF ACCOUNTS**

For Premier programs managed by EPS, client accounts, portfolio transactions, and securities holdings are reviewed on an ongoing basis by EPS. These accounts are reviewed periodically by the IAR and LFA although more frequent reviews are typically completed in the event of significant market or economic developments, a change in a client’s investment objectives or financial circumstances, or at the client’s request. IARs usually receive quarterly reports of client accounts. These reports are reviewed periodically by LFA and/or the IAR and are reviewed with the client during annual reviews or as part of other meetings and discussions between the IAR and the client. For accounts in the Premier Series Program, LFA utilizes a series of exception reports and surveillance processes to aid in the periodic review of accounts.

Clients receive a quarterly account statement from the custodian and a monthly activity statement from the custodian in months when there is qualifying activity. Clients will receive transaction confirmations for each transaction that occurs in their Program Account unless the client elects to waive receipt of transaction confirmations. Year-end tax summaries, including IRS Schedule D information, IRS 1099-INT, and 1099-DIV, if applicable, are provided to clients. Clients also will receive a quarterly statement of account (in hard copy or electronic format) from the Premier vendor selected by LFA. Transaction confirmations and tax reports are provided by the custodian.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

For a description of economic benefits received by LFA and IARs from entities who are not clients, LFA's and IARs' conflicts of interest as a result of their receipt of those economic benefits, and how LFA mitigates those conflicts of interest, please see Item 4, Services, Fees and Compensation, above.

### **Client Referral and Solicitation Relationships**

Clients are obtained primarily through the efforts of IARs. However, various third parties refer clients to, and solicit clients on behalf of, LFA and IARs. LFA and IARs pay referral fees to certain of these third-parties as compensation for their client referral and solicitation services. The referral fees that LFA and IARs pay to these third-parties are typically contingent on referred clients entering into an investment advisory relationship with LFA, and are typically a stated percentage of the financial planning, consulting, seminar, or ongoing advisory fees that the referred client pays to LFA. Advisory fees paid by referred clients are agreed to by the referred client and are fully disclosed in their client service agreement, SIS, and other account-opening documents and disclosures, regardless of any referral fees LFA or IARs pay to the third party. In certain circumstances, LFA and IARs pay through alternative fee arrangements, including through flat fees per client referral, monthly fees for participation in referral programs, or other fee structures. LFA's client referral and solicitation practices are subject to, and conducted in accordance with, applicable Advisers Act rules.

Third parties that have compensated client referral or solicitation arrangements with LFA and its IARs have a conflict of interest given their financial incentive to refer you to LFA and its IARs and to recommend that you engage LFA and its IARs for services, rather than other available service providers that pay these third parties relatively lower or no compensation for their client referrals and solicitations.

### **Other Compensation**

LFA and IARs receive various economic benefits from third parties, including those detailed in Item 4, Services, Fees and Compensation, above.

If a client needs certain types of products or services that are not offered by or through LFA, LFA and IARs may refer the client to various third parties that offer the necessary products or services. Examples of these products and services include business valuation services, foundation formation services, tax services, trustee services, certain wealth management services, lending services, and certain insurance products and services. LFA and IARs receive referral fees from certain of these third parties to whom clients are referred. This presents a conflict of interest for LFA and its IARs given their financial incentive to refer clients to third-party product and service providers that pay LFA and IARs the highest rate and amount of referral fees and other compensation, rather than other available third-party product and service providers that pay LFA and IARs relatively lower or no referral fees or other compensation.

## **FINANCIAL INFORMATION**

LFA does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.

Lincoln Financial Advisors Corporation and Lincoln Financial Securities Corporation (both a part of Lincoln Financial Network or LFN) are committed to protecting your privacy. To provide the products and services you expect from a financial services leader, we must collect personal information about you. We do not sell your personal information to third parties. This Notice describes our current privacy practices. While your relationship with us continues, we will update and send our Privacy Practices Notice as required by law. Even after that relationship ends, we will continue to protect your personal information. You do not need take any action because of this Notice, but you do have certain rights as described below.

We are committed to the responsible use of information and protecting individual privacy rights. As such, we look to leading data protection standards to guide our privacy program. These standards include collecting data through fair and lawful means, such as obtaining your consent when appropriate.

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## Information We May Collect And Use

We collect personal information about you to help us identify you as a consumer, our customer or our former customer; to process your requests and transactions; to provide customer service; to offer and provide investments, financial planning and insurance products and services to you; to pay your claim; to analyze in order to enhance our products and services; to tell you about our products or services we believe you may want and use; and as otherwise permitted by law. The type of personal information we collect depends on your relationship and on the products or services you request and may include the following:

- **Information from you:** When you submit your application or other forms, you give us information such as your name; address; Social Security number; and your financial, health, and employment history; and if applicable, financial and other information about your business. We may also collect voice recordings or biometric data for use in accordance with applicable law.
- **Information about your transactions:** We keep information about your transactions with us, such as the products you buy from us and the services you engage us to provide; the amount you paid for those products and services; your account balances; payment details and your payment history.
- **Information from outside our family of companies:** If you are applying for or purchasing insurance products, we may collect information from consumer reporting agencies, such as your credit history; credit scores; and driving and employment records. With your authorization, we may also collect information, such as medical information, from other individuals or businesses.
- **Information from your employer:** If your employer applies for or purchases group products from us, we may obtain information about you from your employer or group representative in order to enroll you in the plan.

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## How We Use Your Personal Information

We may share your personal information within our companies and with certain service providers. They use this information to process transactions you, your employer, or your group representative have requested; to provide customer service; to assist us in offering and providing investments, financial planning, and insurance products and services; to analyze in order to evaluate or enhance our products and services; to gain customer insight; to provide education and training to our workforce and customers; and to inform you of products or services we offer that you may find useful. Our service providers may or may not be affiliated with us. They include financial service providers (for example, third party administrators; broker-dealers; insurance agents and brokers, financial professionals; reinsurers and other financial services companies with whom we have joint marketing agreements). Our service providers also include non-financial companies and individuals (for example, consultants; vendors; and companies that perform marketing services on our behalf). Information we obtain from a report prepared by a service provider may be kept by the service provider and shared with other persons; however, we require our service providers to protect your personal information and to use or disclose it only for the work they are performing for us, or as permitted by law. We may execute agreements with our service providers that permit the service provider to process your personal information outside of the United States, when not prohibited by our contracts and permitted by applicable law.

When you apply for one of our products, we may share information about your application with credit bureaus. We also may provide information to group policy owners, or their designees (for example, to your employer for employer-sponsored plans and their authorized service providers), regulatory authorities and law enforcement officials and to others when we believe in good faith that the law requires disclosure. In the event of a sale of all or part of our businesses, we may share customer information as part of the sale. **We do not sell or release your information to outside marketers who may want to offer you their own products and services unless we receive your express consent; nor do we release information we receive about you from a consumer reporting agency. You do not need to take any action for this benefit.**

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## Security of Information

We have an important responsibility to keep your information safe. We use safeguards to protect your information from unauthorized disclosure. Our employees are authorized to access your information only when they need it to perform their job responsibilities. Employees who have access to your personal information are required to keep it confidential. Employees are required to complete privacy training annually.

## Your Rights Regarding Your Personal Information

This Privacy Notice describes how you can exercise your rights regarding your personal information. Lincoln complies with all applicable laws and regulations regarding the provision of personal information. The rights provided to you in this Privacy Notice will be administered in accordance with your state's specific laws and regulations.

**Access to Personal Information:** You must submit a written request to receive a copy of your personal information. You may see your personal information in person, or you may ask us to send you a copy of your personal information by mail or electronically, whichever you prefer. We will need to verify your identity before we process the request. Within 30 business days of receiving your request, we will, depending on the specific request you make, (1) inform you of the nature and substance of the recorded personal information we have about you; (2) permit you to obtain a copy of your personal information; and (3) provide the identity (if recorded) of persons to whom we disclosed your personal information within two years prior to the request (If this information is not recorded, we will provide you with the names of those insurance institutions, agents, insurance support organizations or other persons to whom such information is normally disclosed). If you request a copy of your information by mail, we may charge you a fee for copying and mailing costs.

**Changes to Personal Information:** If you believe that your personal information is inaccurate or incomplete, you may ask us to correct, amend, or delete the information. Your request must be in writing and must include the reason you are requesting the change. We will respond within 30 business days from the date we receive your request.

If we make changes to your records as a result of your request, we will notify you in writing and we will send the updated information, at your request, to any person who may have received your personal information within the past two years. We will also send the updated information to any insurance support organization that gave us the information and any insurance support organization that systematically received personal information from us within the prior 7 years, unless that support organization no longer maintains your personal information.

If we deny your request to correct, amend or delete your information, we will provide you with the reasons for the denial. You may write to us and concisely describe what you believe our records should say and why you disagree with our denial of your request to correct, amend or delete that information. We will file this communication from you with the disputed information, identify the disputed information if it is disclosed, and provide notice of the disagreement to the persons and in the manner described in the paragraph above.

**Basis for Adverse Underwriting Decision:** You may ask in writing for the specific reasons for an adverse underwriting decision. An adverse underwriting decision is where we decline your application for insurance, offer to insure you at a higher than standard rate, or terminate your coverage.

Your state may provide for additional privacy protections under applicable laws. We will protect your information in accordance with these additional protections.

If you would like to act upon your rights regarding your personal information, please provide your full name, address and telephone number and either email your inquiry to our Data Subject Access Request Team at [DSAR@lfg.com](mailto:DSAR@lfg.com) or mail to: Lincoln Financial Group, Attn: Corporate Privacy Office, 1301 S. Harrison St., Fort Wayne, IN 46802. The [DSAR@lfg.com](mailto:DSAR@lfg.com) email address should only be used for inquiries related to this Privacy Notice. For general account service requests or inquiries, please call 1-877-ASK-LINC.

**When Financial Professionals Leave Lincoln Financial Network:** We understand that the relationship you have with your financial professional is important to you. If your financial professional's affiliation with LFN ends and they choose to move to a different broker-dealer, or if your financial professional's relationship with LFN is terminated, your LFN financial professional may be allowed to take with them copies of all client and account documentation (including but not limited to: account applications; customer statements; and other pertinent forms related to your account), so your financial professional is able to continue the relationship with you and service your account through their new firm. LFN will also retain copies of your client and account documentation. You do not need to take action if you choose to allow your LFN financial professional to keep copies of your confidential information should they leave LFN.

If you do not want your financial professional to keep copies of your confidential information, should they decide to end the relationship with LFN in the future, you have the right to opt out\*. If your account with us is a joint account, we will treat the opt out request by a joint account owner as applying to all owners on the account. If you choose to opt out now, or at any time in the future, or wish to withdraw your opt out request, contact us by phone at 1-800-248-2285. If you choose to opt out there will be a 30-day period before your opt out will take effect.

\*Lincoln adheres to all applicable state and federal privacy regulations. Residents of Arizona, California, Connecticut, Georgia, Maine, Massachusetts, Minnesota, Montana, Nevada, New Mexico, New Jersey, North Carolina, North Dakota, Ohio, Oregon, Vermont, and Virginia will be provided an opportunity to opt in for information sharing per applicable state law. If you reside in one of these states, written authorization must be provided to your financial professional in order for them to take your information when they leave LFN.

\*\*This information applies to the following Lincoln Financial Network companies:

Lincoln Financial Advisors Corporation  
Lincoln Financial Securities Corporation  
JPSC Insurance Services, Inc.  
LFA, Limited Liability Company

\*\*This Notice is effective 14 calendar days after it is made available on Lincoln's website, [www.LFG.com/privacy](http://www.LFG.com/privacy).