

## **INDIRECT COMPENSATION DISCLOSURE**

Securities America, Inc. (“Broker-Dealer”) offers a range of investments and services to its clients. Securities America Advisors, Inc. and Arbor Point Advisors, LLC are affiliates of Broker-Dealer and registered separately as an investment adviser (“RIA”). Securities America, Inc., Securities America Advisors, Inc., and Arbor Point Advisors, LLC, are subsidiaries of Advisor Group Holdings, Inc. Broker-Dealer and RIA have other industry affiliates that report up to Advisor Group, Inc. (“Advisor Group”), also a subsidiary of Advisor Group Holdings, Inc. As you work with your financial professional to determine the right investments and services to achieve your investment goals, it is also important for you to understand how your Broker-Dealer, RIA, Advisor Group and financial professional are compensated. Certain forms of compensation can create conflicts of interest, and it is important for you to assess these conflicts of interest when making investment decisions. This document is intended to help you understand how your Broker-Dealer, RIA, Advisor Group and financial professional are compensated when you purchase a commissionable mutual fund, variable insurance product, fixed insurance, a direct or alternative investment, a 529 plan, a unit investment trusts (UITs)(all preceding products referred to as “Packaged Product” or “Packaged Products”), or become an advisory client in an asset management program.

**Please review the entire document carefully, and let your financial professional know if you have any questions about the conflicts of interest that apply to your account.**

## **TRANSACTIONS WITH SALES COMMISSIONS**

When you make an investment in a Packaged Product outside of an advisory account, you will usually pay a sales commission, which can either be paid at the time of purchase, built into the expense of the product purchased, or charged to you when you sell the investment. The Broker-Dealer is paid by the product company or its affiliates, with a portion of that payment going to your financial professional based upon an established compensation formula that is uniform with regard to similar products. Sales charges, expenses and commissions paid to the Broker-Dealer differ with the type of investment and depends on the amount of money you invest. The Broker-Dealer also receives ongoing or continuing compensation, sometimes referred to as 12b-1 fees, trailing commissions or trails that are intended to compensate the Broker-Dealer for marketing and services provided to your financial professional and you. These 12b-1 fees are deducted from the total assets in a fund and reduce overall investment returns.

## **ADVISORY ACCOUNTS**

If you have an advisory account, you could pay asset-based advisory fees as well as separate transaction charges, or an asset-based fee inclusive of advisory services and transactions. You are not charged sales commissions, and your Broker-Dealer and Investment Advisory Representative do not retain 12b-1 fees which are credited to your account. For additional details regarding fees and charges in advisory accounts, please see your advisory services agreement and any associated disclosures.

## **STRATEGIC PARTNER PROGRAMS (REVENUE SHARING PAYMENTS)**

In addition to sales commissions or asset-based fees, the Broker-Dealer and/or Advisor Group receives compensation (“revenue sharing payments”) from Packaged Product providers or affiliates (“Strategic Partner” or “Strategic Partners”). Strategic Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Strategic Partners have more opportunities than other companies to market and educate our financial professionals on investments and the products they offer. Revenue sharing payments are typically calculated as a fixed fee or as an annual percentage of the amount of assets held by customers, or as a percentage of annual new sales, or as a combination of both. Strategic Partners pay the Broker-Dealer and/or Advisor Group differing amounts of revenue sharing, for which the Strategic Partner receives different benefits. You do not pay more to purchase Strategic Partner investment products through the Broker-Dealer than you would pay to purchase those products through another broker-dealer. Additionally, revenue-sharing payments received by the Broker-Dealer and/or Advisor Group are not paid to or directed to your financial professional. Nevertheless, a conflict of interest exists, in that the Broker-Dealer and/or Advisor Group is paid more if you purchase a Strategic Partner product, and your financial professional indirectly benefits from Strategic Partner payments when the money is used to support costs of product review, marketing or training, or for waiver of mutual fund ticket charges as described below. This conflict of interest is mitigated by the fact that financial professional does not receive any additional compensation for selling Strategic Partner products, and that the firm maintains policies and procedures to ensure recommendations are in your best interest.

### **Mutual Funds and Variable Annuities**

We offer thousands of mutual funds from more than 200 mutual fund companies, and hundreds of variable life and annuity contracts from more than 100 insurance companies, marketing and training efforts are concentrated on those investments offered by Strategic Partners. For a current list of Strategic Partners, please see [STRATEGIC PARTNERS](#).

Strategic Partners pay extra compensation to the Broker-Dealer and/or Advisor Group in addition to the usual product compensation described in the prospectus. The additional amounts Strategic Partners pay vary from one Strategic Partner to another and from year to year. Some Strategic Partners pay up to 30 basis points (0.30%) of your total purchase amount of a mutual fund or variable insurance product. So, for example, if you invest \$10,000 in a mutual fund, the Broker-Dealer and/or Advisor Group could be paid up to \$30. (A “basis point” is equal to one one-hundredth of a percentage point). Additionally, some Strategic Partners make a monthly or quarterly payment, or additional monthly or quarterly payments, based on the assets you hold in the fund or variable insurance product over a period of time of up to 18 basis points (0.18%) per year. For example, on a holding of \$10,000, the Broker-Dealer and/or Advisor Group could receive up to \$18. Alternatively, the Broker- Dealer and/or Advisor Group receives compensation from the mutual fund or insurance company as: (1) a flat fee regardless

of the amount of new sales or assets held in client accounts; or (2) the greater of such flat fee or amount based on assets and/or new sales as referenced above. These payments are designed to compensate the Broker-Dealer and/or Advisor Group for ongoing marketing and administration and education of its employees and representatives. You do not make these payments. They are paid by the mutual fund and insurance companies and/or their affiliates out of the assets or earnings of the funds or insurance companies or their affiliates.

From time to time, the Broker-Dealer and/or Advisor Group also receives revenue sharing payments from companies that are not Strategic Partners, generally to cover meeting expenses.

Some Mutual Fund Strategic Partners also participate in the Broker-Dealer's DirectChoice Program. Currently, the following mutual fund Strategic Partners participate in the DirectChoice Program: AB, American Funds, Fidelity, Franklin Templeton, Invesco, John Hancock Investments, Ladenburg Thalmann, Legg Mason, Lord Abbett, Mainstay, Pacific Life, Amundi Pioneer, Principal, Thrivent, Victory and Virtus. There are no ticket charges, or IRA fees in the DirectChoice Program. The Broker-Dealer generally receives additional asset-based compensation from the partners for participation in the DirectChoice Program. The Broker-Dealer can be paid up to an additional 3 basis points (.03%) of assets you hold in funds participating in the DirectChoice Program.

Every mutual fund offered by the Broker-Dealer can be purchased without a ticket charge by processing the transaction with a check and application sent directly to the mutual fund or insurance company.

### **Fixed Insurance Products**

Although a wide variety of Insurance Products are available, marketing and training efforts are concentrated on Insurance Products issued by a limited number of insurance companies ("Life Insurance Strategic Partners"). Life Insurance Strategic Partners have more opportunities to provide training and education to insurance agents affiliated with the Broker-Dealer, and to attend or sponsor education and training meetings. Life Insurance Strategic Partners pay amounts in addition to sales commissions to compensate the Broker-Dealer and/or Advisor Group for the enhanced marketing and training opportunities. Broker-Dealer and/or Advisor Group receives either a flat fee or up to 20% of premiums paid to a Life Insurance Strategic partner. Although these payments are not paid to the insurance agents, they benefit agents by allowing them to receive greater training and education and create a financial incentive for the Broker-Dealer to promote Life Insurance Strategic Partner Products over other Insurance Products. For a current list of Life Insurance Strategic Partners, please see [LIFE INSURANCE STRATEGIC PARTNERS](#).

### **BGA/IMO Strategic Partners**

Brokerage General Agencies ("BGA") or Independent Marketing Organizations ("IMO") are third party firms that help various insurance companies distribute their insurance and fixed annuity products. These firms provide training, education and marketing programs to

insurance agents affiliated with broker-dealers. BGA/IMO Strategic Partners provide compensation to the Broker-Dealer and/or Advisor Group in forms of revenue sharing. Broker-Dealer and/or Advisor Group receives up to 50 basis points in revenue sharing payments from the BGA/IMO depending on a previously negotiated agreement between Broker-Dealer and/or Advisor Group and the Designated Insurance Company. For other fixed insurance products, Broker-Dealer and/or Advisor Group receives a flat fee or up to 20% of premiums paid to a Designated Insurance Company. Broker-Dealer and/or Advisor Group also receives a percentage of overrides on certain fixed and fixed indexed annuities. A portion of these payments can be paid directly to the insurance agents, or benefit agents by providing greater marketing, training, technology and back office servicing support and create a financial incentive for the Broker-Dealer and/or Advisor Group to promote the use of partner BGAs and IMOs. This creates a conflict of interest since it leads our representatives/insurance agents to consider insurance products that make revenue sharing payments to Advisor Group—as compared to insurance sponsors that do not make such payments—when recommending insurance products to their clients. The firm maintains policies and procedures to ensure recommendations are in your best interest. The use of certain BGA/IMOs could result in higher commissions being paid to the insurance agent on insurance products; however, the product offerings would not differ from offerings at other broker-dealers.

One of the Broker-Dealer and RIA's related persons, Highland Capital Brokerage ("Highland"), is a BGA and an independent insurance brokerage firm that delivers life insurance, fixed and equity indexed annuities, long-term care solutions and variable insurance wholesaling support to investment and insurance providers. Some employees of Highland are also registered with us and/or our Broker-Dealer affiliates. Compensation generated through Highland is not greater than other BGAs but does result in more overall revenue to Advisor Group since Highland is an affiliate of Broker-Dealer.

For a current list of BGA/IMO Strategic Partners, please see [IMO STRATEGIC PARTNERS](#).

### **Assets in 529 Plans**

While the Broker-Dealer does not maintain 529 Plan Strategic Partners, revenue sharing by certain mutual fund partners based on sales and assets in funds that are included in 529 Plans occurs. For a current list of mutual fund partners that participate in revenue sharing based on sales and assets in funds that are included in 529 Plans, please see [STRATEGIC PARTNERS](#).

### **Fixed Income Products**

Revenue will, in some cases, be shared from transactions in fixed income, structured products and unit investment trusts ("UITs"). A unit investment trust (UIT) consists of Investment Company securities that invest in a fixed portfolio of securities, including corporate, municipal, government bonds, mortgage-backed securities, common or preferred stock, or other Investment Company shares. UITs charge an annual fee that is deducted from either the value of the portfolio or the distributions from the portfolio and pay an initial sales commission to

the sales representative. The sales charge, annual expenses and fees are detailed in the product's prospectus. In certain instances, additional volume concessions are offered to Broker-Dealer, paid monthly based on previous 12-month sales, as described in the prospectus. Broker-Dealer has volume concession agreements with: Advisors Asset Management ("AAM"), Guggenheim, Invesco, First Trust and Ladenburg Thalmann & Co. Inc. ("LTCO"). LTCO is one of the Broker-Dealer and RIA's related persons. LTCO is a registered broker-dealer. Compensation generated through LTCO is not greater than other fixed income desks but does result in more overall revenue to Advisor Group.

## **Direct Participation Programs and Alternative Investment Products**

Through our representatives we offer our clients a wide variety of direct participation programs and alternative investment products including, but not limited to: non-listed real estate investment trusts; private placements; 1031 exchange programs; interval funds and business development companies (collectively "Alternative Investment Products"). In addition to retail commissions or advisory fees, Broker-Dealer, RIA and/or Advisor Group receive revenue sharing in the form of a dealer manager reallowance of up to 150 basis points (1.5%) of the sales amount or up to 50 basis points (0.50%) of the amount of the net asset value as a marketing reallowance, the latter of which is paid annually when applicable. Broker-Dealer and/or Advisor Group also receive fixed amount payments from Alternative Investment Product Strategic Partners for attendance at meetings and marketing services. The marketing reallowance and fixed meeting payments are designed to compensate Broker-Dealer and/or Advisor Group for ongoing marketing and administration as well as education of its employees and representatives regarding these types of products. When Alternative Investment Products are held in an advisory account (regardless of custodian or platform), the Alternative Investment Product can, depending on the Alternative Investment Product, be subject to revenue sharing in addition to the advisory fees charged. However, in those instances, RIA is not paid the revenue sharing and it is paid to the Broker-Dealer and/or Advisor Group. For a current list of Alternative Investment Product Strategic Partners, please see [ALTERNATIVE INVESTMENT PRODUCT STRATEGIC PARTNERS PLAN PARTNERS](#).

## **Retirement Plan Strategic Partners Program**

Broker-Dealer and/or Advisor Group also receives certain fixed dollar amount revenue sharing payments from third-party firms, including plan recordkeeping platforms as well as investment managers of mutual funds and the issuers of annuities (each a "Retirement Plan Partner"). Retirement Plan Strategic Partners participate in activities that are designed to help facilitate the distribution of their products and services, such as marketing activities and educational programs, including attendance at conferences and presentations to our representatives. The fixed dollar amount revenue sharing payments do not depend on the amount of the Plan's investment in any product or utilization of any Retirement Plan Partner's services. Most Retirement Plan Partners also pay Broker-Dealer expenses, or provide non-cash items and services, to facilitate training and educational meetings for affiliated financial professionals, which similarly do not depend on the amount of the Plan's investment in any product or utilization of any Retirement Plan Partners' services. Our financial professionals do not receive

any portion of these payments. For a list of our current Retirement Plan Partners, please see [RETIREMENT PLAN PARTNERS](#).

### **Collateralized Lending Strategic Partners Program**

In addition to the revenue sharing arrangements stated above, Broker-Dealer, RIA and/or Advisor Group also enter into revenue sharing arrangements with certain banking institutions that enable clients to collateralize certain investment accounts to obtain secured loans through them ("Collateralized Lending Strategic Partners"). Collateralized Lending Strategic Partners compensate the Broker-Dealer, RIA and/or Advisor Group for making the respective loan programs available on our platform and to cover various administrative costs associated with servicing the loan and regulatory reporting. Compensation can be up to 50 basis points (0.50%) of the outstanding loan amount. This compensation varies, and the Broker-Dealer, RIA and/or Advisor Group can earn more or less depending on the Collateralized Lending Strategic Partner selected by the client. This compensation is a conflict of interest because the Broker-Dealer, RIA, and/or Advisor Group has a financial incentive for the client to select a Collateralized Lending Strategic Partner because they pay the Broker-Dealer, RIA and/or Advisor group more than if a client does not obtain a loan through a Collateralized Lending Strategic Partner. However, we do not share this compensation with financial professionals, and therefore, a financial professional does not have a financial incentive to recommend one Collateralized Lending Strategic Partner over another. The Broker-Dealer, RIA and/or Advisor Group and its financial professionals do have an incentive to recommend that clients borrow money rather than liquidating some of their account assets so that the Broker-Dealer and/or RIA and the financial professional can continue to receive brokerage commissions and fees on those assets.

Set forth is a listing of Collateralized Lending Strategic Partners from whom we receive support and/or sharing payments: Goldman, Loanadvance, and BNY Investment Credit.

### **Third Party Management Programs**

In addition to the revenue sharing arrangements stated above, Broker-Dealer and/or Advisor Group also enters into revenue sharing arrangements with certain third party money managers offered through accounts custodied away from the Broker-Dealer ("Third Party Managers"). Our financial professionals assist you in engaging Third Party Managers to manage your account, including, but not limited to, asset rebalancing, performance reporting, and billing. A manager is engaged only with your prior consent and subject to a separate agreement between you and the manager. Please note that prior to investing, you should be provided with a Form ADV disclosure for the program, advisor or manager which sets forth the program type, its fees, its investment objectives, the program investment strategy, the manager experience and conflicts.

Third Party Managers that participate in revenue sharing arrangements are provided greater access to our financial professionals to provide training and other educational presentations and product information so that they can serve investors better.

You are charged ordinary management fees by the Manager (as negotiated between you and the Manager) in connection with managing your account.

From Third Party Managers, depending on a previously negotiated agreement between Broker-Dealer and the Third Party Manager, Broker-Dealer receives up to 20 basis points (0.20%) per year of the assets under management or up to 20 basis points (0.20%) of management fees earned on behalf of financial professionals of Broker-Dealer, and receives up to 6 basis points (.06%) on gross sales or net new sales placed with a Third Party Manager. In limited instances, Broker-Dealer, RIA and/or Advisor Group can also receive a flat fee in addition to the basis points listed above.

Set forth is a listing of Third Party Managers from whom we receive support and/or sharing payments: AssetMark, Brinker/CLS Investments, City National Rochdale, ICON Advisers, Buckingham Strategic Advisors (f/k/a LWI Financial), Ocean Park Asset Management, SEI and Orion.

Importantly, the compensation formula to determine the payment for your financial professional is the same regardless of which third party money manager is used. Financial professionals do not receive a greater or lesser commission in connection with sales of certain products when a third party money manager is used.

### **Retirement Plan Advisory Accounts**

The Broker-Dealer and Advisor Group do not accept aforementioned Strategic Partner revenue sharing payments on sales or assets held in investment advisory accounts of a plan subject to Title I of the Employee Retirement Income Security Act of 1974, described in section 4975(e)(1)(A) of the Internal Revenue Code (“Code”) or an individual retirement account or annuity described in Internal Revenue Code section 4975(e)(1)(B) – (F) (“qualified advisory accounts”). Instead mutual fund Strategic Partners will pay a flat annual partnership fee of up to approximately \$1,100,000 in exchange for certain marketing and services provided by Broker-Dealers.

### **Clearing and Custodial Firms**

Broker-Dealer receives substantial indirect clearing and custodian compensation (“Credits”) from clearing firms based on the number of accounts and/or account assets held by Broker-Dealer and affiliates. In addition, Broker-Dealer also receives Credits based on the cumulative Advisor Group net flows (the contributions to existing accounts and transfer of new client assets onto the clearing firm, less distributions or outbound transfer of assets from same clearing firm) and transfer costs. These Credits are used to offset Broker-Dealer’s general operating expenses. Compensation received can consist of a fixed dollar amount per account and percentage of net flows and total assets held in clearing accounts at the clearing firms, or

variable amounts conditioned on certain triggers. Certain custodian fees apply to your clearing accounts. In some instances, we pay a portion of the fee charged. In some instances, we apply a markup to these fees. Examples of instances where a markup fee is applied include, but are not limited to, federal funds wire fees, and other transaction costs assessed by the custodian. Depending on the custodial fee, it is be applied annually, per transaction, per month or per CUSIP.

## **OTHER CASH AND NON-CASH COMPENSATION**

In addition to reimbursement of training and educational meeting costs, our representatives receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, third party money managers and Alternative Investment Products, as permitted by regulatory rules. Additionally, sales of any mutual funds, variable insurance products and Alternative Investment Products, whether or not they are those of Strategic Partners, can qualify representatives for additional business support and for attendance at seminars, conferences and entertainment events. From time to time, some non-Strategic Partners attend Broker-Dealer sponsored meetings for a fee.

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