



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

March 28, 2019

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

**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 [LFARIA@lfg.com](mailto:LFARIA@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: Summary of Material Changes

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This brochure (this “Brochure”) for Lincoln Financial Advisors Corporation (“LFA”) is dated March 28, 2019, and the last update of this Brochure was dated July 2, 2019. Material changes since the last update of this Brochure include the following:

- **The Premier Unified Managed Account Program (“Premier UMA Program”) was removed from the Brochure and is no longer offering the Premier UMA Program to any existing or new clients;**
- **Item 5. Fees and Compensation Section was updated to provide even further detail and descriptions in this Brochure of the various fee components that make up the total fees and compensation paid by clients in each of the Premier Programs offered by LFA; Other Client Fees and Expenses has been further updated to include disclosures related to fees received by LFA and conflicts that may exist regarding a Bank Sweep Program, Margin Loans, and Securities Backed Line of Credit that are offered to clients.**
- **The Premier Separately Managed Account Program, the Premier Manager (Mutual Fund) Program, and the Premier Strategist Program have all been moved to a separate LFA Premier Series Wealth Management Wrap Fee Program Brochure which can now be found as an appendix to this LFA Premier Plus Wealth Management Program Form ADV, Part 2A.**

Clients are encouraged to read this Brochure in detail and contact their LFA Representative (as defined below) with any questions. If you would like another copy of this Brochure or 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 <https://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 [LFARIA@lfg.com](mailto:LFARIA@lfg.com).

### Item 3: Table of Contents

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Cover Page.....	1
Item 2: Summary of Material Changes.....	2
Item 4: Advisory Business.....	4
Lincoln Premier Series Wealth Management Program.....	5
Item 5: Fees and Compensation.....	7
Client Advisory Fees.....	7
Other Client Fees and Expenses.....	11
Compensation for the Sale of Securities.....	15
LFA Representative Compensation.....	16
Item 6: Performance-Based Fees and Side-By-Side Management.....	18
Item 7: Types of Clients.....	18
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	18
Methods of Analysis and Investment Strategies.....	18
Risk of Loss.....	19
Item 9: Disciplinary Information.....	19
Item 10: Other Financial Industry Activities and Affiliations.....	19
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	20
Item 12: Brokerage Practices.....	21
Step-Out Trading.....	21
Best Execution.....	22
Item 13: Review of Accounts.....	22
Item 14: Client Referrals and Other Compensation.....	23
Solicitor Relationships.....	23
Other Compensation.....	23
Item 15: Custody.....	23
Item 16: Investment Discretion.....	24
Item 17: Voting Client Securities.....	24
Item 18: Financial Information.....	24
Privacy Practices Notice.....	25

## Item 4: Advisory Business

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LFA is an investment adviser registered with the SEC. 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”). Lincoln Financial Group is the marketing name for LNC and its affiliates.

As of December 31, 2018, LFA managed approximately \$18.2 billion of client assets on a non-discretionary basis and approximately \$4 billion on a discretionary basis.

LFA offers a wide variety of investment advisory programs and services. These services are sometimes marketed using the name Sagemark Consulting, a division of LFA. Investment adviser representatives of LFA, including those who use the name Sagemark Consulting (collectively, identified as “LFA Representatives” or “IARs” in this document but otherwise sometimes identified colloquially or generally as your advisor, investment adviser, planner, financial advisor), assist clients in pursuing their financial goals by providing personalized financial planning services and investment solutions.

Any information relating to the tax considerations affecting your financial arrangements or transactions is not intended to be tax advice and should not be relied on as such. Neither LFA nor the LFA Representatives provide tax, legal or accounting advice.

In addition to the advisory programs and services described in this Premier Plus Wealth Management Program Brochure, LFA also offers the following programs and services, which are described in separate Forms ADV, Part 2A or wrap fee brochures:

- LFA Premier Series Wealth Management Wrap Fee Program (that details and describes the Premier Separately Managed Account Program, the Premier Manager (Mutual Fund) Program, and the Premier Strategist Program which are also referenced and briefly described below)
- Sagemark Consulting Financial Planning; and
- LFA Financial Planning.

For a detailed discussion of each of LFA’s other investment advisory programs and services, including the fees and compensation associated with each, you should refer to the Form ADV, Part 2A or Wrap Fee Brochure for the particular program, which is available on our website at: [www.lfa-sagemark.com](http://www.lfa-sagemark.com) or <https://www.lfg.com/public/individual/adv> and 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 [lfaria@lfg.com](mailto:lfaria@lfg.com).

**When you choose to purchase products and services through LFA and work with an LFA Representative, 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 to understand the services you can expect to receive, and the costs associated with each of these different types of accounts and relationships with LFA and your LFA Representative as further described below.**

### **Transaction-based account, such as a brokerage account**

With this type of account, you pay commissions and other charges (such as sales loads on mutual funds) at the time of each transaction, such as the purchase of a mutual fund, stock or other investment product. These commissions are the primary source of compensation for the transaction-based advice provided by your LFA Representative. When acting as your broker, your LFA Representative can make recommendations and provide guidance to you in selecting investment products and services. Your LFA Representative may also provide investment education and research; these services are considered to be incidental to the brokerage services LFA provides. This type of account may be more appropriate than a fee-based investment advisory account if you do not want ongoing investment advice on assets held in the 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 investment products. This type of account may result in lower costs for you if you expect to trade on an infrequent or occasional basis.

### **Fee-based investment advisory program**

A fee-based investment advisory program, sometimes called a “managed account”, may be more appropriate than a brokerage account if you want ongoing investment advice and management of your account. This type of account may result in lower trading costs for you, particularly if the program you select does not assess transaction costs separately. LFA acts as a sponsor and introducing broker in connection with some of the investment advisory programs and services and offers a number of different investment advisory programs and managed accounts.

With this type of account, you will usually 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. The asset-based fee is the primary source of compensation for the ongoing investment advice provided by your LFA Representative or IAR. You generally will not be charged commissions for each purchase or sale of an investment product, although you may be charged a transaction charge for executing certain transactions and trades within the account, and you may be subject to other fees and costs associated with your account.

Transaction charges will not be used to compensate your LFA Representative for his or her services in this type of account. Fees for certain investment advisory programs may be charged as an “all-inclusive” bundled fee based on the value of the assets in your account. This bundled fee usually includes a portfolio management fee, brokerage costs, and investment advice and is generally referred to as a wrap fee. However, this bundled fee usually will not include costs associated with transactions that are executed at broker-dealers other than the one at which the account is held. These specific transactions executed at broker-dealers other than the one at which the 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 programs and services a client uses. Fees may be billed in arrears or in advance, depending on the program and the terms of your client agreement. Fees typically charged quarterly based on the assets held within your account for services such as 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.

Alternative investments (“AI”) may be held in a managed account and generally for consolidated reporting purposes only. AIs are non-traditional investments such as Non-Traded REITs, Limited Partnerships, Oil & Gas Programs, Managed Futures Funds, and Hedge Funds. Generally, AIs are illiquid and not traded on an exchange, but may offer clients opportunities for diversification in their investment portfolios. AIs are usually purchased directly from the sponsor company on a commission basis in a transaction-based account. However, a client may request that an AI be held in a managed account. When an AI is held within a Premier program account it will be coded as an unsupervised asset which means that LFA will not provide investment advisory services or oversight on the AI and it will be excluded from the advisory fee but reflected as an asset on the performance report. Unsupervised assets are not included in the actual performance calculation.

Please see the applicable client agreement for additional information. LFA’s advisory fees generally are negotiable. Some programs charge separately for asset management services, ongoing investment advice, and transactions. In such programs, you may be charged brokerage costs for transactions in your account in addition to the advisory fees. Fees and other charges are described in more detail in the applicable program’s client agreement and Form ADV, Part 2A.

More information about each of LFA’s investment advisory programs and services is contained in the applicable LFA Form ADV, Part 2A or Wrap Fee brochure and is available through our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) or <https://www.lfg.com/public/individual/adv> and the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). These brochures may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [lfaria@lfg.com](mailto:lfaria@lfg.com).

For additional information regarding services and fees associated with brokerage and fee-based accounts, please refer to the ‘*Guide to Understanding Your Brokerage and Advisory Relationships*,’ which can be accessed in the “Brochures” section of our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) or <https://www.lfg.com/public/individual/adv>. To request a copy of the *Guide*, please contact your LFA Representative or LFA directly at (800) 237-3813 or email us at [lfaria@lfg.com](mailto:lfaria@lfg.com).

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

LFA is the sponsor of the Lincoln Premier Series Wealth Management Program (“Premier”), an investment advisory program that provides access to individualized investment management services. LFA allows its IARs (“Advisers”), 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 investment management services for clients electing the other Premier investment programs.

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

- **Premier Plus Program.** This program consists of portfolios managed by an Adviser, which may be composed of mutual funds, exchange traded funds (“ETFs”), individual securities, annuity contracts, and/or 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 (each, a “Sub-Manager”) contracted with EPS, or managed by EPS under a licensing agreement with a Sub-Manager.
- **Premier Manager (Mutual Fund) Program.** This program consists of mutual fund portfolios managed by EPS.
- **Premier Strategist Program.** This program consists of mutual fund and/or ETF portfolios managed by EPS pursuant to the investment recommendations of one or more third-party asset allocation providers (each, a “Strategist”).

**The Premier Separately Managed Account Program, the Premier Manager (Mutual Fund) Program, and the Premier Strategist Program Brochure are all described in a separate LFA Premier Series Wealth Management Wrap Fee Program Brochure which can be found and is available on our website at: [www.lfa-sagemark.com](http://www.lfa-sagemark.com) or <https://www.lfg.com/public/individual/adv> and the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Any of these Forms ADV, Part 2A and Wrap Fee Brochures may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [lfaria@lfg.com](mailto:lfaria@lfg.com).**

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. This information may include: 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 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 the Sub-Managers and recommend their addition or removal from the programs.

The client ultimately determines the portfolio manager for his or her account in the Premier program (the “Program Account”), whether electing the Adviser, EPS, or one or more Sub-Managers to manage the 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, and whether the prior performance includes any hypothetical or back tested performance information.

LFA’s review and selection of service providers for Premier is based on their 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 investment strategy selected, and further by the Sub-Manager or Strategist selected by the client. Generally, the investment minimums are as follows:

Premier Plus Program – \$50,000

Premier Separately Managed Accounts Program – \$100,000 for each Sub-Manager selected

Premier Manager (Mutual Fund) Program – \$50,000

Premier Strategist Program – \$10,000 - \$50,000 for each Strategist selected

Actual minimum investment amounts for any investment strategy, Sub-Manager or Strategist can be higher or lower than listed above. The minimum investment requirements may be negotiable at the discretion of LFA, EPS and any Sub-Manager or Strategist, as applicable.

Once the client selects an Adviser and enters into an advisory relationship, the Adviser will request information from the client regarding the client's financial background, investment experience, investment objectives, and risk tolerance, among other things, in determining the suitability and appropriateness of Premier for the client. A client should promptly contact their Adviser any time the client's financial situation or investment objectives change, or if any of the information previously provided to the Adviser has materially changed. The Adviser can then determine whether the account and its investments remain appropriate, or if any changes should be recommended.

Once an advisory relationship is established, there are no restrictions on a client's ability to contact LFA or the Adviser. Under certain circumstances, the client may request direct contact with EPS, as a Sub-Manager or a Strategist. However, these consultations occur at the sole discretion of EPS, or the applicable Sub-Manager or Strategist. The Adviser will contact the client periodically to determine if there have been any changes in the client's financial information so that the investment strategy of the account may be adjusted accordingly. The information provided by the client will be shared among LFA, the Adviser, EPS and, to the extent applicable, Sub-Managers, and will be used in formulating each of their respective recommendations and strategies in managing client assets.

### ***Tax Management Services***

You can request that certain tax management services be applied to your account. By requesting tax management services, you are requesting that the investment manager 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. Please note that the tax management services bear an additional asset-based fee. The application of tax management services may lead the investment manager to take actions in your account that differ from the actions taken in other clients' accounts where tax management services have not been selected. The selection of tax management services may limit the universe of investment managers available for you to select and may cause a divergence in performance from what the investment manager would produce absent any restrictions due to tax considerations.

### ***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. This is often referred to as "Impact Investing", "Socially Responsible Investing", or "Environmental, Social and Governance Investing". While there generally is no additional charge for applying this type of restriction to your account, the application of such restrictions may cause a divergence in performance from what the investment manager would produce absent any industry or security restrictions.

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

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### **Client Advisory Fees**

Program fees for Premier are assessed based on an annual percentage of the long market value of the client's assets under management, without deducting the value of any short positions or the balance of any margin loan, line of credit, or other lien against the account. The program fees are charged quarterly and may be charged in advance or in arrears. Fees charged in arrears will be calculated based on the average daily balance of the Program Account for the prior quarter. Fees charged quarterly in advance, will be calculated based on the average daily balance of the Program Account during the previous quarter; and the initial fee is prorated to the end of the calendar quarter if the Program Account is opened on any day other

than the first day of a quarter. Fees will be debited from the client's Program Account, or such other account that the client designates for the purpose of payment of fees. The maximum annual program fee is 3.00% of the client's assets under management. However, there is a minimum program fee of \$250 per household accounts established in Premier which could result in a program fee percentage above 3.00% depending on the size of the client's assets under management. LFA's policy in determining client accounts that qualify as a household is generally defined as accounts of spouses, domestic partners, and/or 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 may be aggregated to achieve the fee breakpoints. The householding policy applies to the LFA Sponsor Fee, Adviser Fee, and EPS Fee components (described below) of your Premier account and does not discount or apply to any other fees or costs associated with your Premier account (e.g., strategist or manager fee, custody and clearing fees, etc.). Situations may arise where LFN reviews accounts that may be householded on a case-by-case basis in which certain accounts may fall outside of the criteria listed above. Fees are negotiated with each client based on the size and complexity of each client's circumstances. Each Adviser will negotiate with each client to determine the fees to be charged; therefore, fees vary among Advisers and clients, and some Advisers charge higher fees than other Advisers for similar services. Fees will be debited from the account in accordance with the client authorization in the client services agreement.

The program fee paid by the client includes the LFA platform and administrative fees ("LFA Sponsor Fee"), the Adviser's fees, and EPS's administrative and management fees. If the program selected includes the use of one or more Sub-Managers or Strategists, a portion of the program fees will be paid to the applicable Sub-Manager, Strategist, broker-dealer and custodian to compensate each of them for their respective services. Fees charged by each entity providing services to the program vary based on the program selected, the investment products used, and the size of the account and/or household, among other factors. For certain investment strategies, such as Strategists using ETFs and Sub-Manager strategies, the custodian and/or broker-dealer may charge an asset-based fee to account for trading costs, which may be subject to a minimum dollar amount per account per year, a flat annual dollar amount, or transaction-based charges may apply. LFA will determine the methodology for charging for trading costs for each program, and LFA will retain all or a portion of the charges assessed to the client for trading activity. This may be included in the program fee or may be assessed as a separate charge by the custodian or broker-dealer. Please see the following description below of these related costs, and their standard ranges in each Premier Program.

For all **Premier Plus** accounts, you will pay the following standard ranges:

LFA Sponsor Fee (exclusive of trading and transaction costs)*	Up to 0.20% of account assets
Adviser Fee:	Up to 2.50% of account assets

\*In addition to these fees, for all Premier Plus clients there is a separate fee and cost for trading (the buying and selling of securities) for these Premier Plus accounts. These trading and transaction costs and fees vary depending on the fund product or security being purchased or sold and are detailed in the LFA Fee and Commission Schedule which is provided to you at account opening and may change over time. The LFA Fee and Commission Schedule for accounts held (custodied and cleared) by National Financial Service (NFS) can also be found at <http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost> Where LFA acts as the broker-dealer on Program Accounts, the trading and transaction charges are paid to LFA to defray costs associated with trade execution, however, they are not directly related to transaction related expenses of LFA and are a source of revenue to LFA (see the **Other Client Fees and Expenses** section below for further information on these trading and transaction fees and LFA's role as a broker-dealer on your account). Trading and transaction charges present conflicts of interest. For example, transaction and trading charges vary depending on the type of fund product or security being purchased or sold (As an example and not reflective of the actual trading and transaction costs you may incur (again please the LFA Fee and Commission Schedule for accounts held (custodied and cleared) by National Financial Service found at <http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost> for actual trading and transaction costs) \$15 for the first 1,000 equity shares traded, \$40 for a corporate bond trade, and \$15 for a transaction-fee (TF) mutual fund), and therefore LFA earns more from transactions or trading that result in an investment with a higher charge. In addition, where transaction charges apply, the more transactions a client enters into, the more revenue or compensation LFA receives. Trading and transaction charges in the Premier Programs are not paid to or shared with LFA Representatives.

In the Premier Plus program, LFA may also offer advisor-directed portfolios as an account where no separate trading and transaction charges apply to the client, and such charges are instead absorbed by the LFA Representative. In cases where the LFA Representative pays the transaction charges, the LFA Representative has an incentive to trade less frequently and/or to use securities that do not incur transaction charges, such as no transaction-fee (NTF) mutual funds, resulting in lower



transaction charges paid by the LFA Representative. We mitigate this conflict by monitoring activity in client accounts and requiring that LFA Representatives document the account reviews they conduct with clients, and other ongoing advice that may not result in transactions in a specific client account.

### **Step-Out Trading**

Investment managers that have the discretion to execute “step-out” trades with a non-associated broker-dealer will incur additional commissions or fees that client will pay as a result of a step-out trade. Any additional trading costs may negatively impact investment performance. However, the decision to execute a step-out trade may allow the manager to achieve a better price execution. In addition, some managers do not pass the additional fee on to the client.

In cases where an asset-based fee is assessed for trading costs, the asset-based fee does not cover charges resulting from “step-out” trades affected by an investment manager with broker-dealers apart from those used in the Premier program. EPS and the investment managers described in this Brochure are generally free to consider their own broker-dealer’s trading capabilities versus other brokers’ trading capabilities as part of their duty for seeking best-execution and obligations as an investment adviser.

A “step-out” trade occurs in some instances when an investment manager purchases equity or fixed-income securities from a different broker-dealer or the broker or dealer selling the securities in order to obtain a more favorable price or because the particular security is not available through the broker-dealer associated with the Premier program.

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 provide the client with a better overall price and/or return because a single order could result in better execution versus placing multiple separate orders. When a third-party manager executes a “block” order, that manager is seeking to obtain the best-execution and best price. Aggregating transactions into a single trade may afford EPS, the Strategists, or the Sub-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 affecting a series of separate, successive and/or competing small trades with multiple broker-dealers or clearing firms.

Further information regarding EPS, the Strategist, and Sub-Managers utilizing step-out trades and a general description of the additional costs can be found on our website at <https://www.lfg.com/public/individual/adv>.

Clients should also review a list of the investment managers at LFA that engage in step-out trading on the Client Disclosure Page for LFA at: <https://www.lfg.com/public/individual/adv>.

LFA anticipates that most trades will be placed through the relevant third-party investment manager’s own clearing firm for execution because of their execution capabilities and because the all-inclusive bundled wrap fee charged by the third-party investment manager covers trade charges only when trades are executed through their own clearing firm.

As noted in **Item 4: Advisory Business**, investment managers have the discretion to utilize a step-out trade including but not limited to the following circumstances: equity securities, fixed income securities, certain, thinly traded securities, illiquid securities and/or ETF trades. Trades can be “stepped-out” to gain best execution and minimize the market impact of trades at a broker/dealer that is not the investment manager’s associated broker-dealer. Investment managers may decide to “step-out” for a variety of reasons, such as obtaining an optimal combination of price and service to the client along with satisfying the investment manager’s best execution obligation.

### **Best Execution**

In placing orders for purchase and sale of securities and directing brokerage to effect these transactions, an investment manager’s primary objective is to obtain best qualitative execution for clients in each client transaction so that the clients 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 consideration. As such, an investment manager may choose to execute “step out” trades as discussed above.

Please see “**Item 12. Brokerage Practices**” in this Brochure below for further information regarding these practices.

**Further information regarding EPS, the Strategist, and Sub-Managers utilizing step-out trades and a general description of the additional costs can be found on our website at <https://www.lfg.com/public/individual/adv>.**

Any additional transaction fees are further detailed and described in your investment advisory account opening application and/or your client services agreement.

Actual fees charged to a specific client or account will vary and will be disclosed in the statement of investment selection signed by the client upon election of services under Premier. Fees will not be 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.

Strategists and EPS will direct investments into certain securities, including exchange traded funds (ETFs) and mutual funds that participate in the custodian's designated no transaction fee ("NTF") program. At times, these ETFs and mutual funds may elect to cease participation in the custodian's NTF program. Please see the **Other Client Fees and Expenses** section below for further information on NTF and transaction fee (TF) fund costs and related expenses. Some mutual funds and custodians impose a short-term redemption fee upon liquidation of a mutual fund position if that particular position was not held for a sufficient amount of time as described and outlined in the individual mutual fund's prospectus. None of LFA, the Adviser, custodian or EPS determines or receives any portion of the short-term redemption fee imposed by a mutual fund.

A Program Account may be terminated by either party by providing written notice to the other party. Upon termination, any prepaid, unearned fees will be refunded to the client within a reasonable amount of time and on a prorated basis, and any unpaid but earned fee will be due and payable to LFA and other parties providing services to the account.

Your account fees are negotiable and will be debited from your account by the program's custodian. If you terminate your participation in a program for which fees are charged in advance, you will be entitled to a pro rata refund of any prepaid quarterly fees based upon the number of days remaining in the quarter after the date upon which the notice of termination is received. Please refer to your client services agreement for additional information regarding the methodology used in calculating your quarterly account fee and applicable reimbursements.

Through its clearing relationship with the custodian, LFA will receive certain revenue related to assets held, transactions, and activity in Program Accounts. Such revenue typically will include all or a portion of any transaction charges assessed to a client or Adviser in which LFA is the introducing broker-dealer of record on the account (see the **Other Client Fees and Expenses** section below for further information on LFA's role as the introducing brokerage-dealer of record on the account and these associated costs), asset-based revenue from mutual funds designated by the custodian as NTF mutual funds, revenue from cash balances held in certain money market mutual funds or other liquid investment products designated as "cash sweep" vehicles, and a portion of the networking fees the custodian receives from the mutual fund company. LFA, the custodian, EPS and each of their respective affiliates may share in these fees. The availability of these fees can be used as a factor in negotiating the client's annual account fee and presents a conflict of interest for LFA due to the potential to receive higher compensation for some products and strategies, and due to the potential to receive higher compensation based on the custodian selected. LFA mitigates this conflict by disclosing it to you, crediting back any 12b-1 fees LFA would have otherwise received as the introducing broker-dealer of record to the client account from which it was generated, and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances. The receipt by LFA of these types of asset-based revenue from the clearing and custodial firm arrangements will support and defray the costs LFA has related to the ongoing operational and administrative maintenance of the advisory programs we offer and sponsor to LFA Representatives and clients. As such, advisory program platform fee costs (the LFA Sponsor Fee) incurred by LFA Representatives and clients may differ depending on the program being utilized and the products being recommended and selected for clients. Again, we mitigate this conflict by disclosing it to you, crediting back any 12b-1 fees LFA would have otherwise received as the introducing broker-dealer of record to the client account from which it was generated, and ensuring the compensation and revenue LFA receives related to any assets held, transactions and activity in program accounts is not shared with the LFA Representatives providing investment advisory services and investment recommendations to you and your account.

In considering the investment programs described in this Brochure and the brokerage-related services provided by LFA, broker-dealer, the custodian, EPS and their respective affiliates, a prospective client should be aware that the program may cost a client more or less than purchasing the services separately from other advisers or broker-dealers. The factors that

should be considered by a prospective client include the size of a client's portfolio, the nature of the investments to be managed, commission costs, custodial expenses, if any, the anticipated level of trading activity, the need for ongoing advice, and the amount of advisory fees for managing the client portfolio. Advisers recommending Premier will receive compensation as a result of a client's participation in the program. The amount of the compensation may be more than what the Adviser would receive if the client participated in other investment programs or paid separately for investment advice, brokerage and other services. LFA Representatives may also receive discounted LFA Sponsor fees for the Premier programs based on assets on the platform, and/or other factors in certain circumstances. Therefore, the LFA Representatives and LFA have a conflict of interest as a result of the financial incentive to recommend Premier over other programs or services such as third-party sponsored programs in which LFA does not receive a sponsor fee. We mitigate this conflict by disclosing it to you, requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances, and also reviewing any LFA Sponsor Fee discounts to determine if certain economies of scale or other circumstances are present in order to justify the lower LFA Sponsor Fees charged by LFA. The LFA Representatives can recommend buying and selling securities for their own accounts or for the accounts of other clients which differ from advice given or actions taken in providing advisory services to the Program Account.

### **Other Client Fees and Expenses**

In addition to the program fees and transaction charges noted previously, based upon the investments selected, clients may incur certain charges imposed by third parties in connection with the investments made through Program Accounts. These include, but are not limited to, the following: mutual fund or money market 12b-1 and sub-transfer agency fees, mutual fund networking fees, mutual fund or money market management fees and administrative expenses, certain 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 may receive a portion of these fees and, as such, LFA has a conflict of interest as it is incented to recommend a product or strategy that provides LFA higher compensation. We mitigate this conflict by disclosing it to you, crediting back any 12b-1 fees LFA would have otherwise received as the introducing broker-dealer of record to the client account from which it was generated, not sharing any of these revenues with the Adviser that recommends transactions or strategies and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances. Further information regarding costs and fees charged by a mutual fund, ETF, variable annuity or similar investment vehicle is available in the applicable prospectus.

A client could invest in mutual funds and other investment products directly, without the services of LFA or an Adviser. In that case, the client would not receive the services provided by LFA or the Adviser, which are designed, among other things, to assist the client in determining which mutual funds or other investments are most appropriate given each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the mutual funds and other investment products and the fees charged and services provided by LFA and the Adviser to understand the total amount of fees to be paid by the client and thereby evaluate the services being provided.

Other costs that may be charged to the client, if applicable, and that are not part of the program fee, include retirement account maintenance fees, retirement account termination fees, fees for portfolio transactions executed away from broker, dealer mark-ups, electronic fund and wire transfers, spreads paid to market-makers, dealer mark-ups, exchange fees, and other fees and charges customary to securities brokerage accounts. Transaction fees may apply when certain assets are traded by Adviser in the Premier Plus Program or are liquidated prior to EPS or a Sub-Manager commencing investment management services. These direct trading or maintenance costs and fees vary depending on the fund product or security being purchased or sold and are detailed in the LFA Fee and Commission Schedule which is provided to you at account opening and may change over time. The LFA Fee and Commission Schedule can also be found at: <http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost>

Where LFA is the introducing broker-dealer on Program Accounts, LFA will act as a broker for transactions in Program Accounts and will assess a transaction charge for certain transactions unless transaction costs are included in the asset-based fee. The transaction-based charges assessed by LFA are not shared with the LFA Representative providing services to the Program Accounts. The receipt of transaction charges by LFA is a conflict of interest. We mitigate this conflict by disclosing it to you, disclosing to you the amount of commission and/or trading costs there will be for the products or securities being invested in, not sharing any transaction fee revenue with the LFA Representative that recommends transactions or strategies and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for

you in light of matters such as your investment objectives and financial circumstances. These transaction and trading costs and fees vary depending on the fund product or security being purchased or sold in your Premier account and are detailed in the LFA Fee and Commission Schedule which is provided to you at account opening and may change over time. The LFA Fee and Commission Schedule can also be found at: <http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost>

LFA, as the broker-dealer on such program accounts, has a duty to ensure such transaction charges are reasonable in light of its best execution responsibilities. LFA utilizes National Financial Services, LLC (“NFS”) for several services related to some of the accounts in the Premier program, including clearance and execution services, through a fully-disclosed clearing agreement. The transaction charges assessed by LFA and disclosed in the Fee and Commission Schedule you receive as part of your account opening paperwork are generally higher than the fees that LFA pays to NFS for clearance and execution of transactions. 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. 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 the account, transmission of all orders with respect to the account, supervision of all orders and accounts, including maintaining compliance with fiduciary standards and suitability 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 may offer advisor-directed portfolios as an account where no separate transaction charges apply to the client, and such charges are instead absorbed by the LFA Representative. In cases where the LFA Representative pays the transaction charges, the LFA Representative has an incentive to trade less frequently and/or to use securities that do not incur transaction charges, such as NTF mutual funds, resulting in lower transaction charges to the LFA Representative. We mitigate this conflict by monitoring activity in client accounts and requiring that LFA Representatives document the account reviews they conduct with clients, and other ongoing advice that may not result in transactions in a specific client account. We also offer advisor-directed portfolios with separate advisory fees and transaction charges assessed to the client. In that case, in addition to the fee you pay for investment advice, you will also pay separate per-trade transaction charges. However, the separate per-trade charges do not include sales commissions payable to the LFA Representative.

LFA does not retain 12b-1 fees paid by mutual funds held in Premier accounts and will credit these amounts that LFA would have otherwise received as the broker-dealer of record on the account back to the client account that generated the 12b-1 payment. The receipt of any 12b-1 revenue by LFA in our fee-based programs is not paid to or shared with the LFA Representative. For complete fee details, including account fee schedules and a list of transaction charges, please see your client agreement and supporting documentation that you receive in connection with the program, including the mutual fund prospectuses.

### **Bank Sweep Program**

LFA also makes available cash sweep options for eligible accounts where clients earn interest in a Federal Deposit Insured Corporation (“FDIC”) insured multi bank deposit sweep program (the “Bank Sweep Program”) made available through our custodian and clearing firm NFS. If you elect to participate in the Bank Sweep Program, cash balances will be deposited with participating program banks. You are not required to select this option and can choose any cash sweep option you prefer that is available for your account. Over any given period, the interest rates on cash balances in the Bank Sweep Program may be lower than the rate of return on other core account investment vehicles which are not FDIC insured or on bank account deposits offered outside the Bank Sweep Program. You can find more specific information about the Bank Sweep Program by reviewing the Bank Deposit Sweep Program Disclosure Document. LFA receives compensation from our custodian and clearing firm on cash balances in the Bank Sweep Program based upon the Federal Funds Target Rate, and the compensation paid to LFA affects the interest credited to your account. The revenues generated by the Bank Sweep Program and paid to LFA may be greater than revenues generated and paid to LFA by other cash sweep options available to you.

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

If you enter into a margin loan or a securities backed line of credit (SBLOC) with a lender for one of your accounts maintained in the Premier Wealth Management program, LFA will receive compensation from the lender based on the total amount of your outstanding loan balance. With margin loans, LFA will receive a percentage of the interest charged by the lender on your outstanding margin loan balance. The amount of interest paid to LFA will vary depending on the outstanding loan balance and other factors and will affect the interest rate charged to you for the margin loan. With an SBLOC, LFA will be compensated by receiving payments from the lender based on the amount of your outstanding loan balance. The total amount of compensation received by LFA may vary depending on each individual SBLOC and will impact the interest rate charged to you by the lender.

Your LFA Representative has an incentive to recommend that you use a margin loan and/or SBLOC for liquidity purposes rather than liquidating your holdings or using other sources of liquidity. Your LFA Representative will 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 potential fees and commissions that could be earned by your LFA Representative from holding or engaging in future transactions with those assets. For example, by encouraging investors to take out a margin loan or an SBLOC to fund some purchase or financial need rather than liquidate securities, the firm and financial advisor will continue to earn fees on the full account value. However, LFA Representative receives no other compensation, fees, or incentives related to your decision to open up a margin loan or an SBLOC or maintain a loan balance through one of the TAMP programs.

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

To the extent that your Premier account invests in mutual funds, the mutual fund could either be a no-transaction fee (NTF) fund or a transaction fee (TF) fund. An NTF fund does not incur a transaction fee or charge for the buying and selling of the fund. The buying or selling of a TF fund will incur a transaction fee or charge. As mentioned above, the internal mutual fund fees and expenses will vary across mutual fund products and share classes including NTF and TF mutual funds as set forth in the applicable fund prospectus for each fund and/or share class. Please consult with your LFA Representative to ensure you know and understand the types of mutual fund products being utilized in your account and their applicable fees and expenses both internal as well as any external commission or transaction charges, if applicable, for trading such funds.

Your account may incur 12b-1 fees from certain mutual fund share classes that you may own through your LFA fee-based investment advisory account (typically accounts that may own load-waived A or non-institutional share class mutual funds, sometimes also referred to as no-transaction fee (NTF) funds). The mutual funds share classes that pay these 12b-1 fees typically have higher internal expenses, but in many cases these mutual fund share classes do not incur transaction fee charges (or commissions) when executing a trade at the clearing firm. These higher internal expenses are assessed to investors who purchase or hold NTF funds. NTF funds may cost you more depending on the frequency of trading, than mutual funds that assess a transaction charge but have lower internal expenses. Mutual fund 12b-1 fees that LFA would have otherwise received as the broker-dealer of record on the account from the clearing and custodian firms are credited back to the client account that generated the 12b-1 fee payment in the Premier Program. Other mutual fund share classes that may have lower internal expenses and do not pay 12b-1 fees may be available, however, those share classes may incur transaction fees (or commissions) with any purchase or sale. Each share class has eligibility standards, including potentially a minimum investment requirement to purchase such share classes. **Clients should not assume that they are always invested in the share class with the lowest internal expenses or costs. Please contact your LFA Representative for more information about share class eligibility and transaction costs, and please review the applicable mutual fund prospectus for further information related to the fund's expenses.** The transaction and trading costs and fees vary depending on the fund product or security being purchased or sold in your Premier account and are detailed in the LFA Fee and Commission Schedule which is provided to you at account opening and may change over time. The LFA Fee and Commission Schedule can also be found at <http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost>.<sup>19</sup>

If your Premier account is held by Fidelity Brokerage Services LLC as the broker-dealer of record and you are invested 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 LFA Representative receives those fees nor are these 12b-1 fees credited back to your account.

Many mutual funds offer multiple share classes available for investment based upon certain eligibility and/or purchase

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), some mutual funds offer institutional share classes or other share classes that are specifically designed for purchase in an account enrolled in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in an investment advisory program usually have lower expense ratios than other shares classes. However, these share classes may also have higher transaction costs and may have minimum purchase criteria that limit availability to larger transactions. **Clients should not assume that their assets will be invested in the share class with the lowest possible expense ratio. Your LFA Representative may recommend, select, or continue to hold a fund share class that charges higher internal expenses than other available share classes for the same fund.**

Your LFA Representative'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 mutual funds; the asset based advisory fee charged to the client; the overall cost structure of the advisory program including the LFA Sponsor fees; 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, will vary among LFA Representatives. The transaction costs and advisory program cost structure is determined by the custodian and LFA, respectively, and is determined based on factors such as the availability of cost sharing, distribution fees, shareholder servicing fees or other compensation associated with offering a particular class of shares. For some accounts, the Premier LFA Sponsor fees, which include charges related to administering the Premier program, vary depending on the products and share classes held in the account.

In selecting or recommending particular mutual fund share classes, LFA Representatives may (but are not required to) consider the overall profitability of the account or client relationship, including the compensation available to the LFA Representative and the expenses associated with providing ongoing advice and service to the client, including the LFA Sponsor fees associated with the Premier program. This creates a conflict of interest for the LFA Representative as he or she has an incentive to recommend certain products and share classes that lead to lower platform costs. 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 the clients are invested. Clients that are invested in institutional share classes may have higher advisory fees and may be assessed higher transaction charges for the purchase and sale of mutual funds. Similarly, clients that are invested in retail share classes may be charged lower advisory fees, have lower transaction charges, and may 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 may be invested in share classes with higher internal expenses but lower or no transaction-based charges (such as NTF funds). The higher internal expenses charged to clients who hold NTF funds, will adversely affect the performance of their account when compared to funds that assess lower internal expenses. Please contact your LFA Representative for more information about share class eligibility and transaction costs.

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

LFA has a financial incentive to select or recommend a particular custodian based on other compensation that the custodian provides to LFA and its affiliates. For example, under the agreement between LFA and its clearing firm, LFA is entitled to receive certain non-recurring business development credits, which are cash payments intended to reimburse LFA and its affiliates for a portion of the technology, training and development costs associated with transitioning to a new clearing platform. Although the dollar value of the business development credits is significant, these credits are not tied to the amount of investment advisory client assets custodied with the clearing firm or to particular transactions effected on behalf of advisory clients. LFA and its affiliates also receive additional retention payments during the term of the clearing relationship as well as reimbursement for account transfer costs associated with client account transfers into the custodian and clearing firm that represent new assets for the custodian and clearing firm.

These account transfer cost reimbursements may not be offered or available to all new clients transferring their assets to the custodian and clearing firm. This creates a conflict of interest for the LFA Representative because he or she could select which clients receive the transfer cost reimbursement. We attempt to mitigate this conflict by disclosing it to you and also attempting to ensure that any transfer cost reimbursements provided to a client account is directly proportional to the actual

costs incurred by the client in transferring his or her account to the custodian and clearing firm. This further ensures that the LFA Representative does not benefit himself or herself at the expense of the client in terms of these transfer cost reimbursements that are made available to clients.

### **Compensation for the Sale of Securities**

Financial planning and consulting clients have the option to purchase investment products recommended by LFA and the LFA Representatives through other brokers or agents that are not affiliated with LFA. Generally speaking, and not specific to the programs described in this Brochure, commissions and other compensation for the sale of investment products provide the primary compensation for LFA and many of the LFA Representatives; however, commissions are not charged by LFA or the LFA Representatives in connection with transactions in Premier. LFA generally does not reduce its advisory fees to offset any applicable commissions or transaction costs.

Depending on which product and/or service you purchase, you will receive materials which disclose important information, such as product prospectuses, client agreements, applications, and disclosure brochures. You should read and evaluate this information carefully and contact your LFA Representative with any questions.

LFA has agreements with certain mutual fund companies, insurance companies, broker-dealers, investment advisers, and sponsors and custodians of advisory programs in which they provide compensation and expense reimbursements to LFA in support of the training, education and marketing support required of these products. In addition, LFA may impose certain administrative costs in connection with these programs. The method, timing and amount of payments vary by program and sponsor, and typically will be paid using one or more methodologies such as: a direct reimbursement of certain expenses; payment of a specified dollar amount to participate in certain conferences; payment of a fee or service charge for a transaction; payment of a fee based on sales volume; or a payment of a percentage of assets under management. Depending on the methodology, these payments may include fees in connection with securities transactions, transaction or account-based administrative or service charges, and may include payments of 12b-1 fees or other asset-based fees from money market funds and other mutual funds. Payments calculated as a percentage of assets under management range from 0% to 0.25%. Administrative charges, if applicable, range from 0.05% to 0.25% of assets under management. LFA also provides a variety of distribution and marketing support services to mutual fund companies. The services provided to companies participating in these arrangements include, but are not limited to: opportunities to provide training and education regarding their funds, advisors and other firm personnel through office visits, educational events or conferences; review, approval and distribution of mutual fund marketing materials to advisors and existing and prospective LFA clients; business planning and other communication and support from home office, field, sales, and specialist personnel; opportunities to provide content for internal communications; and sales related reports and other information and participation in sales campaigns. While these arrangements with each fund family will vary, each fund family may pay up to 0.25% of the gross amount of each sale, and/or up to 0.20% annually of the assets of the fund family held by LFA clients in order to support and share in the distribution and marketing costs incurred by LFA. For example, for a \$10,000 transaction with a participating fund family, LFA may receive up to a one-time \$25 payment, and/or a \$20 annual payment for the period during which the assets remain at the fund family. Certain participating fund families also make additional payments to LFA for attendance at various educational meetings hosted by LFA throughout the year.

In addition to the mutual fund families that have formal distribution and marketing support agreements, other mutual fund families make flat dollar payments to LFA from time to time. These payments are not made as part of any formalized sales-based or asset-based agreement, but rather for specific activities including, but not limited to, exhibit booth space or presentation opportunities at LFA meetings.

Certain sponsors of these programs may also directly pay for certain educational and training costs of LFA Representatives and send their employees to meetings to provide education and training on these programs. LFA has a conflict of interest to recommend products, services, and strategies on which it receives higher compensation. We mitigate this conflict by disclosing it to you, not sharing any of these revenues with the LFA Representative that recommends transactions or strategies, and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances. The advisory services sponsors and other companies that provide payment to LFA as described above can be found on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com).

LFA has agreements with custodians of advisory programs 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. Under such agreements, LFA receives compensation from the custodians for its performance of such services, including payments based on assets held in the custodians' NTF mutual fund programs. Under the custodians' NTF mutual fund programs, participating mutual fund sponsors pay a fee to the custodians to participate in the programs. A portion of those fees are shared with LFA. Such payments vary by custodian and may be up to 0.25% of assets held in NTF mutual funds. The receipt by LFA of these types of asset-based revenue from the clearing and custodial firm arrangements will support and defray the costs LFA has related to the ongoing maintenance of the advisory programs we offer and sponsor to LFA Representatives and clients. As such, advisory program LFA Sponsor Fee costs incurred by LFA Representatives and clients may differ depending on the program being utilized and the products being recommended and selected for clients. Again, we mitigate this conflict by disclosing it to you, ensuring the compensation and revenue LFA receives related to any assets held, transactions and activity in program accounts is not shared with the LFA Representatives providing investment advisory services and investment recommendations to you and your account.

Because LFA receives fees based upon the amount of client assets held in the custodians' NTF mutual fund programs, LFA has a conflict of interest and is incited to recommend the custodians' NTF mutual funds over other investments to receive these custodial service payments. LFA may also receive all or a portion of any transaction fees charged to clients or LFA Representatives, a portion of any custodial fees charged to qualified plans and IRAs, compensation for any mutual fund positions held at the custodian, and other types of compensation from the custodian related to assets held or transactions placed through that custodian. LFA also has a conflict of interest due to the financial incentive to recommend a particular custodian based on the amount or level of NTF custodial service payments and other compensation that custodian provides. We mitigate these conflicts by disclosing them to you, not sharing any of these revenues with the LFA Representative that recommends transactions or strategies and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

LFA, the LFA Representatives, and clients also receive the benefit of certain services provided by program sponsors and custodians. These services may 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 may involve additional charges to LFA, the LFA Representatives, or to clients, while others are packaged and available as part of an investment advisory program without itemization of the cost of each product or service.

Further, LFA has relationships with both affiliated and non-affiliated companies that may provide additional revenue and marketing support to LFA as well as education and training to LFA Representatives for the sale of various mutual fund, annuity, life insurance and alternative investment products. This revenue and marketing support received by LFA is not paid to or shared with any LFA Representative. For current information regarding specific revenue and marketing support, including a list of product sponsors, please go to LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com).

### **LFA Representative Compensation**

Some LFA Representatives receive additional compensation and/or incentive awards for reaching certain levels of assets under management in the investment advisory programs or for generating a certain amount of revenue (in fees, commissions, or a combination of both) within a certain period. The client will not be charged any additional fees due to these circumstances. However, the receipt of additional compensation presents a conflict of interest that may affect the judgment of the LFA Representative. We mitigate this conflict by disclosing it to you and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

Most LFA Representatives are registered representatives of LFA in its capacity as a broker-dealer, and generally are licensed



agents of LNL. In most cases, the LFA Representative can recommend products that are managed and/or sold by Lincoln Financial Group companies provided that the recommendations are suitable given the client's investment objectives and other pertinent factors. When such recommendations are made, the LFA Representative receives compensation on these product recommendations and sales. Lincoln Financial Group companies will profit from any sales of Lincoln Financial Group products to clients of LFA. This presents a conflict of interest and gives LFA and the LFA Representatives an incentive to recommend investment products based on the compensation received, rather than on a client's needs. We mitigate this conflict by disclosing it to you and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

Lincoln Financial Group companies will profit from any sales of Lincoln Financial Group products to clients of LFA. LFA Representatives may be compensated by LFA and/or the product manufacturer via commissions, asset-based fees, and/or other compensation which is built into the costs and charges of the product. This presents a conflict of interest as LFA and the LFA Representatives have an incentive to recommend products on which they receive higher compensation. This presents a conflict of interest and gives LFA and the LFA Representatives an incentive to recommend investment products based on the compensation received, rather than on a client's needs. We mitigate this conflict by disclosing it to you and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

In some cases, LFA Representatives receive more compensation when placing Lincoln Financial Group manufactured products and qualify for additional compensation based on the volume of those sales over time. LFA Representatives are also eligible for additional compensation and/or other incentives based on factors such as sales volume of certain Lincoln Financial Group products, the length of time that clients keep assets in the products, and/or the profitability of the products. LFA Representatives may also receive compensation based on the sales of Lincoln Financial Group products by other representatives. Many LFA Representatives 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 will also benefit financially from the sale of Lincoln Financial Group life insurance, annuity, mutual fund and asset management products offered by LFA Representatives. These instances present conflicts of interest as these situations create a financial incentive for LFA Representatives to recommend products with higher compensation. We mitigate this conflict by disclosing it to you and by requiring that there be a review of your account at account-opening to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

Because of the way products are priced and marketed, in certain circumstances, LFA Representatives may receive higher compensation for the sales of products offered by companies not affiliated with Lincoln Financial Group.

Some new experienced Advisers moving their practices to LFA have received loans based on future sales of products and services offered by LFA, including both Lincoln Financial Group and non-Lincoln Financial Group products and services. In the past, some loans were offered based on Lincoln Financial Group products alone. Depending on the arrangement between LFA and the Adviser, the repayment of certain of these loans may be fully or partly waived based on reaching certain sales levels or revenues generated by the LFA Representative or the LFA Representative's time spent affiliated with LFA or may be funded by additional compensation for these sales. This arrangement creates a conflict of interest for the LFA Representative in that he or she has an additional financial incentive to achieve specified levels of sales or revenue generation, which could impact the recommendations made to customers. In mid-2017, LFA revised the production-based forgivable loan program with new required controls and policies in place. These controls attempt to ensure that the loan amount provided to an advisor is not disproportionate to the advisor's overall production and compensation amounts earned historically and the amount that may be forgiven in any one year of the term of the loan is also capped unless an exception is granted. This structure and approach attempt to avoid unduly influencing an advisor 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.

The potential conflicts of interest arising from the LFA Representative compensation arrangements described above are mitigated by the fact that LFA, LNL and their affiliated companies have suitability requirements and fiduciary obligations in certain circumstances, such as when LFA and the LFA Representatives are acting in an investment advisory capacity, as well as regulatory and compliance rules and procedures which must be followed. In addition, LFA maintains a supervisory system that includes conducting periodic supervisory and compliance inspections and audits. In most instances, LFA

Representatives may only recommend products offered through LFA where LFA has a selling agreement with the product sponsors. This limitation may not apply in all cases to certain “no-load” mutual funds, ETFs, other securities and non-registered insurance and annuity products.

## **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 advice to 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, over-the-counter and foreign securities, ETFs, warrants, fixed income securities, options, life insurance and annuity contracts, corporate debt, municipal securities, U.S. Treasury and government agency bonds, unit investment trusts, commercial paper, CDs, and mutual fund shares. Certain mutual funds, annuity and insurance products, and other managed investment products, including money market funds, may be managed or distributed by an affiliate of LFA.

### ***Premier Plus Program***

Each Adviser managing a Premier Plus account chooses his or her own research methods, investment style, and management philosophy. The investment strategies used by an Adviser may include long and short-term purchases. Advisers may use a number of sources of financial information in their analysis of securities, which may include financial publications, research reports, timing and rating services, annual reports, prospectuses and SEC filings, among other sources of information. Research services are received in various forms, which may include written reports, electronic communications, software, meetings, or telephone contacts with individuals and companies in the securities and financial industries. Various methods of analysis may be used, including charting, technical and fundamental analysis.

Within the Premier Plus Program, the Adviser will direct the investment and reinvestment of client assets in the Program Account. The Program Account will be managed by the Adviser consistent with an investment style selected by the client using investments that may include mutual funds, ETFs, stocks, bonds, options, annuity and insurance products and other investments. On a periodic basis, the Adviser 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 accounts generally are managed on a non-discretionary basis. In certain circumstances, and only after specific written consent is obtained from the client and by LFA, a Premier Plus Account may be managed on a discretionary basis by the Adviser. Where discretionary authority is granted to the Adviser, 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 such other account designated by the client. Clients may impose reasonable limitations or restrictions on the Adviser, including the Adviser’s discretionary authority. Any such limitations are to be in writing and may include, as an example, restrictions on the purchase of particular securities, industries or asset classes.

Where applicable, IARs may use a holistic approach in managing multiple accounts to a client’s objectives and risk tolerance and for tax efficiency. LFA has tools that may be utilized in this regard or IARs may use their own expertise in making recommendations to address those concerns. A tool that may be used for this purpose is the Multi Account Management (“MAM”) system, which allows for the merging of Premier Plus 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 financial objective and goal. This tool generally will direct taxable income producing assets to 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 is on a management group level, there may be fewer trades per account for clients. While the overall asset allocation of the management group as a whole may be aligned with the client's overall investment objectives and risk tolerance, the allocation and/or holdings of each individual account may vary.

### **Risk of Loss**

Investments made, and the actions taken, for client accounts will be subject to various market, liquidity, currency, economic and political risks, among others, and will not necessarily be profitable. Investing in securities involves risk of loss that clients should be prepared to bear. Clients should understand that all investments involve 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. In addition, certain LFA Representatives have greater latitude in selecting securities and diversification for a client's account. As such, the performance of accounts managed by different LFA Representatives may vary greatly. Past performance is not a guarantee of future results.

In addition to the risks listed above, there may be material risks associated with the types of products in which your account invests, including mutual funds and ETFs. Clients should refer to the prospectus or other applicable offering documents of those particular products for a discussion of applicable risk factors for that particular investment.

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

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LFA is a registered broker-dealer and investment adviser. This section contains information about certain disciplinary matters that LFA believes are material to a client's evaluation of its advisory business or the integrity of its management. LFA has also been subject to disciplinary events relating to its brokerage business which LFA does not view as material to a client's evaluation of its advisory business or the integrity of its management. Additional disciplinary information regarding LFA's brokerage business can be found in Part 1 of LFA's Form ADV.

- On February 16, 2011, the Financial Industry Regulatory Authority ("FINRA") notified LFA of its acceptance of a Letter of Acceptance, Waiver and Consent (the "AWC") signed and submitted to FINRA by LFA on December 21, 2010. The AWC noted that between 2007 and 2009 LFA failed to adequately protect customer records and information in the firm's client portfolio management system and allowed certain employees to access its web-based customer account system by using shared log-on credentials without establishing adequate procedures and without controlling or monitoring who had access to the common log-on credentials. As a result of the foregoing, LFA violated Rule 30 of Regulation S-P, NASD Rules 3010 and 2110 and FINRA Rule 2010. LFA was censured and fined \$150,000, and the fine was paid in full on February 23, 2011.

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

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LFA is a registered broker-dealer and its investment adviser representatives are also generally registered representatives of LFA.

In addition to LFA's registration as an Investment Advisor, LFA is also registered as a broker-dealer selling investment products and services, including stocks, bonds, mutual funds, annuities, insurance products and options. LFA and its executive officers spend the majority of their time with these business activities. Some of LFA's executive officers are also officers of The Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York. 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 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 Financial Investment Services Corporation (broker-dealer)
- 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, LLC (insurance agency)
- Lincoln Financial Group Trust Company, LLC (trust company)
- Lincoln Investment Management Company (investment adviser)
- Westfield Assigned Benefits Company (insurance agency)
- Liberty Life Assurance Company of Boston

Conflicts of interest are created by financial incentives and/or compensation arrangements between LFA and its affiliates. These conflicts of interest and the steps taken by LFA to address them are described above in the section on “Fees and Compensation.”

LFA may recommend or select other investment advisers for clients and receive compensation directly or indirectly from those advisers. This creates a conflict of interest in that LFA and the LFA Representatives have a financial incentive to recommend advisers based on compensation paid. These conflicts of interest and the steps taken by LFA to address them are described above in the section on “Fees and Compensation.”

LFA and your LFA Representative may earn more compensation if you invest in a program described in this Brochure than if you open a brokerage account to buy individual securities or mutual funds. 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. For additional information regarding services and fees associated with brokerage and fee-based accounts, please refer to the ‘*Guide to Understanding Your Brokerage and Advisory Relationships*,’ which can be accessed in the “Brochures” section of our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) or <https://www.lfg.com/public/individual/adv>. To request a copy of the *Guide*, please contact your LFA Representative or LFA directly at (800) 237-3813 or email us at [lfaria@lfg.com](mailto:lfaria@lfg.com). Therefore, LFA Representatives and LFA may have a financial incentive to recommend one of these programs described in this Brochure. The decision to invest in an advisory program is solely that of the client. Clients are provided a full description of the services and relevant fees provided under each advisory program. We also require that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

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

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LFA has adopted an Investment Adviser Code of Ethics (the “Code”), and all LFA Representatives and “access persons” (as defined under the Investment Advisers Act of 1940) 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 on request. If you would like a copy of LFA’s Investment Adviser Code of Ethics, please call (800) 237-3813, extension 3056, or send an email request to [lfaria@lfg.com](mailto:lfaria@lfg.com).

LFA may engage 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 may buy or sell securities it recommends to its clients as a principal. All of this information is fully disclosed to clients

through trade confirmations.

LFA, the LFA Representatives and other associated persons may buy or sell securities identical to those recommended to clients for their personal accounts. 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 LFA Representatives have an incentive to put their own interests ahead of clients. Personal securities transactions by LFA Representatives are recorded and monitored by LFA. LFA procedures also prohibit LFA orders and orders for the benefit of LFA Representatives 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 LFA Representatives are responsible for order entry. Where a conflict of interest exists, this is disclosed to the client in the client services agreement or the disclosure documents for that program.

## **Item 12: Brokerage Practices**

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For some accounts in the Premier program, Fidelity Brokerage Services LLC serves as the broker-dealer with its affiliate, National Financial Services LLC (“NFS”), acting as custodian. Premier Accounts may also be held with LFA serving as introducing broker-dealer and NFS serving as custodian. Clients generally must use NFS or one of its affiliates for execution services. By signing the client agreement, client authorizes and directs LFA, the Adviser, EPS and the Sub-Managers to trade through the applicable custodian. When LFA acts in the capacity of the broker-dealer on your account, it receives additional compensation which would not otherwise be received if another firm acted in the capacity of the broker-dealer on your account. This additional compensation received by LFA, in its capacity as the broker-dealer on your account, creates a conflict of interest because LFA has a financial incentive to recommend itself as the broker-dealer on your account. LFA mitigates this risk by disclosing it to you and not sharing any of the broker-dealer revenue it receives on Premier accounts with your LFA Representative.

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

EPS, the Strategists and the Sub-Managers generally are free to consider LFA’s preferred broker-dealers’ or clearing firms’ 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, EPS, the Strategists, and any Sub-Manager that has discretion may determine to direct trades away by executing a “step-out” trade from LFA’s preferred broker-dealers or clearing firms (“step-out trades”) when they conclude, in their sole discretion, that they will receive best execution for a particular transaction through another broker-dealer or clearing firm who may or may not impose additional execution costs for the trade. EPS, the Strategists, and the Sub-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 LFA Representatives generally do not have the discretion or authority to select broker-dealers or execute transactions for the advisory services and programs discussed in this Brochure and because LFA Representatives manage accounts on a client-specific basis, LFA Representatives have limited opportunity to aggregate orders for the purchase or sale of securities for various client accounts. When LFA Representatives do not aggregate orders, some clients purchasing the same securities around the same time may receive a less favorable price than other clients. This means that the practice of not aggregating orders may cost clients more money.

### **Step-Out Trading**

As discussed in **Item 5: Fees and Compensation**, third-party investment managers that have the discretion to execute “step-out” trades with a non-associated broker-dealer will incur additional commissions or fees that the client will pay as a result of a step-out trade. Any additional trading costs may negatively impact investment performance. However, the decision to execute step-out trades may allow the manager to achieve a better price execution. Some managers do not pass the additional

fee on to the client.

A “step-out” trade occurs in some instances when an investment manager purchases equity or fixed-income securities from a different broker-dealer or the broker or dealer selling the securities in order to obtain a more favorable price or because the particular security is not available through the associated broker-dealer.

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 provide the client with a better overall price and/or return because a single order could result in better execution versus placing multiple separate orders. When an investment manager executes a “block” order, that manager is seeking to obtain the best-execution and best price. Aggregating transactions into a single trade may afford EPS, the Strategists, or the Sub-Manager more control over the execution of the trade, including potentially avoiding an adverse effect on the price of the security that could result in effecting a series of separate, successive and/or competing small trades with multiple broker-dealers or clearing firms.

Premier Program fees do not cover charges resulting from trades effected with, or through, broker-dealers or clearing firms other than LFA and its’ preferred broker-dealers and clearing firms, or mark-ups or mark-downs by any such other broker-dealers or clearing firms and, as such, clients will be responsible for any such additional execution costs in addition to the applicable program fees. Further, it is expected that EPS, the Strategists, and the Sub-Managers would typically consider trades executed through LFA and its’ preferred broker-dealers or clearing firms to be without commissions or retail mark-ups or mark-downs when comparing the cost of trading for equity 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 LFA’s preferred broker-dealers or clearing firms. 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.

Clients should review EPS’s or the applicable Strategists, or 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 EPS, the Strategists, or Sub-Managers utilizing step-out trades and a general description of the additional costs can be found on our website at <https://www.lfg.com/public/individual/adv>.

Clients should also review a list of the third-party managers at LFA that engage in step-out trading on the Client Disclosure Page for LFA at: <https://www.lfg.com/public/individual/adv>.

### **Best Execution**

In placing orders for purchase and sale of securities and directing brokerage to effect these transactions, an investment manager’s primary objective is to obtain best qualitative execution for clients in each client transaction so that the clients 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 consideration. As such, an investment manager may choose to execute “step outs” trades as discussed above and as noted above and in **Item 5: Fees and Compensation**.

For additional information on conflicts of interest created by the recommendation of a particular advisory program and the resulting broker-dealer or custodian, including compensation arrangements between LFA and the other broker-dealer or custodian, please see the section on “Fees and Compensation” above.

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

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For Premier programs managed by EPS, client accounts, portfolio transactions and securities holdings are reviewed on a continuing basis by EPS. These accounts are reviewed periodically by the Adviser and LFA although more frequent reviews may be completed based on significant market or economic developments, a change in a client’s investment objectives or financial circumstances, or at the client’s request. LFA Representatives usually receive quarterly reports of client accounts. These reports are reviewed periodically by LFA and/or the LFA Representative and are reviewed with the client during annual reviews or as part of other meetings or discussions between the LFA Representative and the client. For accounts in

the Premier Plus program LFA utilizes a series of exception reports to aid in the periodic review of accounts. This review is conducted by home office Operations principals. Clients receive 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 from the Premier program vendor selected by LFA. Transaction confirmations and tax reports are provided by the custodian.

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

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For a description of the economic benefits received by LFA and the LFA Representatives from entities who are not clients, as well as conflicts of interest created by those benefits and how they are addressed, please see the section on “Fees and Compensation” above.

#### **Solicitor Relationships**

Clients are obtained primarily through the efforts of LFA’s Representatives. At times, a third-party (solicitor) may refer a client to LFA. Pursuant to Rule 206(4)-3 under the Advisers Act, LFA may pay a referral fee to unaffiliated third parties as compensation for such referral. Rule 206(4)-3 under the Advisers Act requires that LFA document this arrangement pursuant to a written agreement between the parties. In addition, the agreement requires that the solicitor deliver to each solicited client a copy of LFA’s Form ADV, Part 2A, as well as a separate disclosure letter that describes the relationship between LFA and the solicitor, and the compensation that the solicitor is being paid to refer the client to LFA. The fee that is paid to the solicitor is generally a stated percentage of the annual advisory fee that the client pays to LFA. The amount of the solicitor fee varies based on different factors, such as the types of services performed by the solicitor. Any advisory fees paid by a client are agreed to by the client and the investment adviser and fully disclosed in the related account opening paperwork, client agreement and related disclosures regardless of any solicitation fees that may be paid by a third-party investment adviser (solicitor) to LFA.

#### **Other Compensation**

If a client needs certain types of products or services that are not offered by LFA, LFA may refer the client to various third-party entities that provide these products or services. LFA may be paid referral fees by these third parties depending on the arrangement between LFA and the third party. Examples of these types of products and/or services may include business valuation, foundation formation, tax strategies, and other services.

#### **Item 15: Custody**

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Program Accounts will be held at a designated custodian. The custodian or an affiliate of the custodian will also serve as custodian for retirement accounts in Premier. 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 LFA Representative. Please note that there may be minor variations in these reports due to calculation methods. If you have any questions, please contact your LFA Representative.

LFA and the LFA Representatives 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. In addition, under very limited circumstances, certain LFA Representatives provide services that require access to client accounts to perform functions such as bill paying. While LFA and the LFA Representatives 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 LFA Representatives to initiate transfers of funds and securities on the client’s behalf, including transfers to third parties, through standing written authorizations. The SEC has determined that this capability is considered “custody” under the Advisers Act rules.

## **Item 16: Investment Discretion**

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In the Premier Plus Program, LFA generally provides investment management services on a non-discretionary basis, meaning that LFA or its 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 an IAR by such client and IAR is approved for such activity by LFA. In any event, discretionary authority is limited to trading, and will 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.

Clients that participate in the other Premier programs will grant full discretionary investment authority to EPS as further described in the client services agreement. EPS generally will limit the exercise of this authority to the following circumstances:

- For the Premier Separately Managed Accounts 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; and to liquidate sufficient assets to pay the program fee when necessary and advisable. 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. However, there may be other situations in which EPS will fully use investment discretion, such as to liquidate a position.
- For the Premier Mutual Fund Program and Premier Strategist Program, EPS generally will use this grant of discretion to invest in, hold and sell shares in various mutual funds and/or ETFs; 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 and Adviser is found in the applicable client agreement and supporting documentation that a client receives in connection with the Premier program.

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

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For the Premier Separately Managed Accounts Program, 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 security holder 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.

For the Premier Plus Program, Premier Mutual Fund Program and Premier Strategist Program, the client shall be responsible for voting or otherwise acting on all matters for which a security holder 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 LFA Representative.



**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)**

March 28, 2019

Lincoln Financial Advisors Corporation  
1300 South Clinton St., Suite 150  
Fort Wayne, IN 46802  
(800) 237-3813

[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 [LFARIA@lfg.com](mailto:LFARIA@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**

This brochure (this “Brochure”) for Lincoln Financial Advisors Corporation (“LFA”) is dated March 28, 2019. This is the first wrap fee brochure to be filed by LFA and therefore, there are no material changes from a prior annual update.

Clients are encouraged to read this Brochure in detail and contact their LFA Representative (as defined below) with any questions. If you would like another copy of this Brochure or 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 <https://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 [LFARIA@lfg.com](mailto:LFARIA@lfg.com).

**Item 3: Table of Contents**

<b>Item 2: Material Changes.....</b>	<b>2</b>
<b>Item 3: Table of Contents.....</b>	<b>3</b>
<b>Item 4: Services, Fees and Compensation.....</b>	<b>4</b>
<b>Item 5: Account Requirements and Types of Clients .....</b>	<b>19</b>
<b>Item 6: Portfolio Manager Selection and Evaluation .....</b>	<b>20</b>
<b>Item 7: Client Information Provided to Portfolio Managers .....</b>	<b>24</b>
<b>Item 8: Client Contact with Portfolio Managers.....</b>	<b>25</b>
<b>Item 9: Additional Information .....</b>	<b>25</b>
<b>Privacy Practice Notice.....</b>	<b>29</b>

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

### **About LFA**

LFA is an investment adviser registered with the SEC. 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”). Lincoln Financial Group is the marketing name for LNC and its affiliates.

As of December 31, 2018, LFA managed approximately \$18.2 billion of client assets on a non-discretionary basis and approximately \$4 billion on a discretionary basis.

LFA offers a wide variety of investment advisory programs and services. These services are sometimes marketed using the name Sagemark Consulting, a division of LFA. Investment adviser representatives of LFA, including those who use the name Sagemark Consulting (collectively, identified as “LFA Representatives” or “IARs” in this document but otherwise sometimes identified colloquially or generally as your advisor, investment adviser, planner, financial advisor), assist clients in pursuing their financial goals by providing personalized financial planning services and investment solutions.

Any information relating to the tax considerations affecting your financial arrangements or transactions is not intended to be tax advice and should not be relied on as such. Neither LFA nor the LFA Representatives provide tax, legal or accounting advice.

For a detailed discussion of each of LFA’s other investment advisory programs and services, including the fees and compensation associated with each, you should refer to the Form ADV, Part 2A for the particular program, which is available on our website at: [www.lfa-sagemark.com](http://www.lfa-sagemark.com) or <https://www.lfg.com/public/individual/adv> and 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 [lfaria@lfg.com](mailto:lfaria@lfg.com).

**When you choose to purchase products and services through LFA and work with an LFA Representative, 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 to understand the services you can expect to receive, and the costs associated with each of these different types of accounts and relationships with LFA and your LFA Representative as further described below.**

### **Transaction-based account, such as a brokerage account**

With this type of account, you pay commissions and other charges (such as sales loads on mutual funds) at the time of each transaction, such as the purchase of a mutual fund, stock or other investment product. These commissions are the primary source of compensation for the transaction-based advice provided by your LFA Representative. When acting as your broker, your LFA Representative can make recommendations and provide guidance to you in selecting investment products and services. Your LFA Representative may also provide investment education and research; these services are considered to be incidental to the brokerage services LFA provides. This type of account may be more appropriate than a fee-based investment advisory account if you do not want ongoing investment advice on assets held in the 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 investment products. This type of account may result in lower costs for you if you expect to trade on an infrequent or occasional basis.

## **Fee-based investment advisory program**

A fee-based investment advisory program, sometimes called a “managed account”, may be more appropriate than a brokerage account if you want ongoing investment advice and management of your account. This type of account may result in lower trading costs for you, particularly if the program you select does not assess transaction costs separately. LFA acts as a sponsor and introducing broker in connection with some of the investment advisory programs and services and offers a number of different investment advisory programs and managed accounts.

With this type of account, you will usually 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. The asset-based fee is the primary source of compensation for the ongoing investment advice provided by your LFA Representative or IAR. You generally will not be charged commissions for each purchase or sale of an investment product, although you may be charged a transaction charge for executing certain transactions and trades within the account, and you may be subject to other fees and costs associated with your account.

Transaction charges will not be used to compensate your LFA Representative for his or her services in this type of account. Fees for certain investment advisory programs may be charged as an “all-inclusive” bundled fee based on the value of the assets in your account. This bundled fee usually includes a portfolio management fee, brokerage costs, and investment advice and is generally referred to as a wrap fee. However, this bundled fee usually will not include costs associated with transactions that are executed at broker-dealers other than the one at which the account is held. These specific transactions executed at broker-dealers other than the one at which the account is held are sometimes called “step-out” trades and are described further below in this Item 4. Fees vary depending on which LFA programs and services a client uses. Fees may be billed in arrears or in advance, depending on the program and the terms of your client agreement. Fees typically charged quarterly based on the assets held within your account for services such as 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.

Alternative investments (“AI”) may be held in a managed account and generally for consolidated reporting purposes only. AIs are non-traditional investments such as Non-Traded REITs, Limited Partnerships, Oil & Gas Programs, Managed Futures Funds, and Hedge Funds. Generally, AIs are illiquid and not traded on an exchange, but may offer clients opportunities for diversification in their investment portfolios. AIs are usually purchased directly from the sponsor company on a commission basis in a transaction-based account. However, a client may request that an AI be held in a managed account. When an AI is held within a Premier program account it will be coded as an unsupervised asset which means that LFA will not provide investment advisory services or oversight on the AI and it will be excluded from the advisory fee but reflected as an asset on the performance report. Unsupervised assets are not included in the actual performance calculation.

Please see the applicable client agreement for additional information. LFA’s advisory fees generally are negotiable. Some programs charge separately for asset management services, ongoing investment advice, and transactions. In such programs, you may be charged brokerage costs for transactions in your account in addition to the advisory fees. Fees and other charges are described in more detail in the applicable program’s client agreement and Form ADV, Part 2A.

More information about each of LFA’s investment advisory programs and services is contained in the applicable LFA Form ADV, Part 2A and is available through our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) or <https://www.lfg.com/public/individual/adv> and the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). These

brochures may also be requested by contacting LFA at (800) 237-3813 or by sending us an email at [lfaria@lfg.com](mailto:lfaria@lfg.com).

For additional information regarding services and fees associated with brokerage and fee-based accounts, please refer to the ‘*Guide to Understanding Your Brokerage and Advisory Relationships*,’ which can be accessed in the “Brochures” section of our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) or <https://www.lfg.com/public/individual/adv>. To request a copy of the *Guide*, please contact your LFA Representative or LFA directly at (800) 237-3813 or email us at [lfaria@lfg.com](mailto:lfaria@lfg.com).

## **Wrap Fee Program Services**

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

LFA is the sponsor of the Lincoln Premier Series Wealth Management Program (“Premier”), an investment advisory program that provides access to individualized investment management services. LFA allows its IARs (“Advisers”), 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 and investment management services to Premier clients using the Premier investment programs.

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

- **Premier Separately Managed Accounts Program.** This program offers a broad array of investment strategies managed by third-party money managers (each, a “Sub-Manager”) contracted with EPS, or managed by EPS under a licensing agreement with a Sub-Manager.
- **Premier Manager (Mutual Fund) Program.** This program consists of mutual fund portfolios managed by EPS.
- **Premier Strategist Program.** This program consists of mutual fund and/or ETF portfolios managed by EPS pursuant to the investment recommendations of one or more third-party asset allocation providers (each, a “Strategist”).

## **Account Fees**

### **Client Advisory Fees**

Program fees for Premier are assessed based on an annual percentage of the long market value of the client’s assets under management, without deducting the value of any short positions or the balance of any margin loan, line of credit, or other lien against the account. The program fees are charged quarterly and may be charged in advance or in arrears. Fees charged in arrears will be calculated based on the average daily balance of the Program Account for the prior quarter. Fees charged quarterly in advance, will be calculated based on the average daily balance of the Program Account during the previous quarter; and the initial fee is prorated to the end of the calendar quarter if the Program Account is opened on any day other than the first day of a quarter. Fees will be debited from the client’s Program Account, or such other account that the client designates for the purpose of payment of fees. The maximum annual program fee is 3.00% of the client’s assets under management. However, there is a minimum program fee of \$250 per household accounts established in Premier which could result in a program fee percentage above 3.00% depending on the size of the client’s assets under management. LFA’s policy in determining client accounts that qualify as a

household is generally defined as accounts of spouses, domestic partners, and/or 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 may be aggregated to achieve the fee breakpoints. The householding policy applies to the LFA Sponsor Fee, Adviser Fee, and EPS Fee components (described below) of your Premier account and does not discount or apply to any other fees or costs associated with your Premier account (e.g., strategist or manager fee, custody and clearing fees, etc.). Situations may arise where LFN reviews accounts that may be householded on a case-by-case basis in which certain accounts may fall outside of the criteria listed above. Fees are negotiated with each client based on the size and complexity of each client’s circumstances. Each Adviser will negotiate with each client to determine the fees to be charged; therefore, fees vary among Advisers and clients, and some Advisers charge higher fees than other Advisers for similar services. Fees will be debited from the account in accordance with the client authorization in the client services agreement.

The program fee paid by the client includes the LFA platform and administrative fees (“LFA Sponsor Fee”), the Adviser’s fees, and EPS’s administrative and management fees. If the program selected includes the use of one or more Sub-Managers or Strategists, a portion of the program fees will be paid to the applicable Sub-Manager, Strategist, broker-dealer and custodian to compensate each of them for their respective services. Fees charged by each entity providing services to the program vary based on the program selected, the investment products used, and the size of the account and/or household, among other factors. For certain investment strategies, such as Strategists using ETFs and Sub-Manager strategies, the custodian and/or broker-dealer may charge an asset-based fee to account for trading costs, which may be subject to a minimum dollar amount per account per year, a flat annual dollar amount, or transaction-based charges may apply. LFA will determine the methodology for charging for trading costs for each program, and LFA will retain all or a portion of the charges assessed to the client for trading activity. This may be included in the program fee or may be assessed as a separate charge by the custodian or broker-dealer. Please see the following description below of these related costs, and their standard ranges in each Premier Program.

For all **Premier Strategist** accounts established after June 2017 or if your Premier Strategist account has gone through a goal modification (a change in your account strategy or portfolio for which you completed and signed a new Statement of Investment Selection (“SIS”)) since June of 2017, you will pay the following standard ranges:

LFA Sponsor Fee (inclusive of trading and transaction costs) *	Up to 0.24% of account assets
Adviser Fee:	Up to 0.80% of account assets
EPS Fee:	Up to 0.08% of account assets
Strategist or Manager Fee:	Up to 0.50% of account assets

\*There are no separate fees and costs for trading (the buying and selling of securities) for these Premier Strategist accounts established after June 2017 or that have gone through a goal modification (as explained above) since June of 2017. Please refer to your client agreement for additional information.

The fees for Premier Strategist accounts established prior to June of 2017 will vary from the fees above and may include separate costs for trading and transaction charges based on the type of fund or security selected. These fee and transaction costs would have been provided and disclosed to you at account opening and can also be found at:

<http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost>.

For all **Premier SMA** accounts established after June 2017 or if your Premier SMA account has gone through a goal modification (a change in your account strategy or portfolio for which you completed and signed a new



Statement of Investment Selection (“SIS”)) since June of 2017, you will pay the following standard ranges:

LFA Sponsor Fee	Up to 0.20% of account assets
Adviser Fee:	Up to 1.75% of account assets
EPS Fee:	Up to 0.15% of account assets
Manager Fee:	Up to 0.75% of account assets
Broker-dealer and Custodian Fee*:	Up to 0.25% of account assets

\*The broker-dealer and custodian fee is an asset-based fee for the trade execution (the buying and selling of securities) and clearance of transaction in the Premier SMA accounts. The maximum asset-based fee for Equity, Option, Mutual Fund, and Balanced strategies is 0.25% and 0.20% for fixed income strategies. This broker-dealer and custodian fee has a minimum annual account fee of \$200.00.

The fees for Premier SMA accounts established prior to June of 2017 will vary from the fees above and would have been provided and disclosed to you at account opening.

For all **Premier Manager (Mutual Fund) Program** accounts established after June 2017 or if your Premier Manager Mutual Fund Program account has gone through a goal modification (a change in your account strategy or portfolio for which you completed and signed a new Statement of Investment Selection (“SIS”)) since June of 2017, you will pay the following standard ranges:

LFA Sponsor Fee (inclusive of trading and transaction costs) *	Up to 0.24% of account assets
Adviser Fee:	Up to 2.70% of account assets
EPS Fee:	Up to 0.12% of account assets

\*There are no separate fees and costs for trading (the buying and selling of securities) for these 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. Please refer to your client agreement for additional information.

The fees for Premier Manager Mutual Fund Program accounts established prior to June of 2017 will vary from the fees above and may include separate costs for trading and transaction charges based on the type of fund or security selected. These fee and transaction costs would have been provided and disclosed to you at account opening and can also be found at <http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost>.

An additional charge of up to 15 basis points (0.15%) will be added to your program fee if you elect certain tax management services described above. This charge is paid to the investment manager or the “overlay manager” that applies the tax screening to your investments.

### **Program Costs**

In considering the investment programs described in this Brochure and the brokerage-related services provided by LFA, broker-dealer, the custodian, EPS and their respective affiliates, a prospective client should be aware that the program may cost a client more or less than purchasing the services separately from other advisers or broker-dealers. The factors that should be considered by a prospective client include the size of a client’s portfolio, the nature of the investments to be managed, commission costs, custodial expenses, if any, the anticipated level of trading activity, the need for ongoing advice, and the amount of advisory fees for managing the client portfolio. Advisers recommending Premier will receive compensation

as a result of a client's participation in the program. The amount of the compensation may be more than what the Adviser would receive if the client participated in other investment programs or paid separately for investment advice, brokerage and other services. LFA Representatives may also receive discounted LFA Sponsor fees for the Premier programs based on assets on the platform, and/or other factors in certain circumstances. Therefore, the LFA Representatives and LFA have a conflict of interest as a result of the financial incentive to recommend Premier over other programs or services such as third-party sponsored programs in which LFA does not receive a sponsor fee. We mitigate this conflict by disclosing it to you, requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances, and also reviewing any LFA Sponsor Fee discounts to determine if certain economies of scale or other circumstances are present in order to justify the lower LFA Sponsor Fees charged by LFA.

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

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

Investment managers that have the discretion to execute "step-out" trades with a non-associated broker-dealer will incur additional commissions or fees that client will pay as a result of a step-out trade. Any additional trading costs may negatively impact investment performance. However, the decision to execute a step-out trade may allow the manager to achieve a better price execution. In addition, some managers do not pass the additional fee on to the client.

In cases where an asset-based fee is assessed for trading costs, the asset-based fee does not cover charges resulting from "step-out" trades effected by an investment manager with broker-dealers apart from those used in the Premier program. EPS and the investment managers described in this Brochure are generally free to consider their own broker-dealer's trading capabilities versus other brokers' trading capabilities as part of their duty for seeking best-execution and obligations as an investment adviser.

A "step-out" trade occurs in some instances when an investment manager purchases equity or fixed-income securities from a different broker-dealer or the broker or dealer selling the securities in order to obtain a more favorable price or because the particular security is not available through the broker-dealer associated with the Premier program.

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 provide the client with a better overall price and/or return because a single order could result in better execution versus placing multiple separate orders. When a third-party manager executes a "block" order, that manager is seeking to obtain the best-execution and best price. Aggregating transactions into a single trade may afford EPS, the Strategists, or the Sub-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 Program fees do not cover charges resulting from trades effected with, or through, broker-dealers or clearing firms other than LFA and its' preferred broker-dealers and clearing firms, or mark-ups or mark-downs by any such other broker-dealers or clearing firms and, as such, clients will be responsible for any such additional execution costs in addition to the applicable program fees. Further, it is expected that EPS, the Strategists, and the Sub-Managers would typically consider trades executed through LFA and its' preferred broker-dealers or clearing firms to be without commissions or retail mark-ups or mark-downs when comparing the cost of trading for equity 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

LFA's preferred broker-dealers or clearing firms. 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.

Clients should review EPS's or the applicable Strategists, or 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 EPS, the Strategist, and Sub-Managers utilizing step-out trades and a general description of the additional costs can be found on our website at <https://www.lfg.com/public/individual/adv>.

Clients should also review a list of the investment managers at LFA that engage in step-out trading on the Client Disclosure Page for LFA at: <https://www.lfg.com/public/individual/adv>.

LFA anticipates that most trades will be placed through the relevant third-party investment manager's own clearing firm for execution because of their execution capabilities and because the all-inclusive bundled wrap fee charged by the third-party investment manager covers trade charges only when trades are executed through their own clearing firm.

Investment managers have the discretion to utilize a step-out trade including but not limited to the following circumstances: equity securities, fixed income securities, certain thinly traded securities, illiquid securities and/or ETF trades. Trades can be "stepped-out" to gain best execution and minimize the market impact of trades at a broker/dealer that is not the investment manager's associated broker-dealer. Investment managers may decide to "step-out" for a variety of reasons, such as obtaining an optimal combination of price and service to the client along with satisfying the investment manager's best execution obligation.

### **Best Execution**

In placing orders for purchase and sale of securities and directing brokerage to effect these transactions, an investment manager's primary objective is to obtain best qualitative execution for clients in each client transaction so that the clients 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 consideration. As such, an investment manager may choose to execute "step out" trades as discussed above.

**Further information regarding EPS, the Strategist, and Sub-Managers utilizing step-out trades and a general description of the additional costs can be found on our website at <https://www.lfg.com/public/individual/adv>.**

Any additional transaction fees are further detailed and described in your investment advisory account opening application and/or your client services agreement.

Actual fees charged to a specific client or account will vary and will be disclosed in the statement of investment selection signed by the client upon election of services under Premier. Fees will not be 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.

Strategists and EPS will direct investments into certain securities, including exchange traded funds (ETFs) and mutual funds that participate in the custodian's designated no transaction fee ("NTF") program. At times, these ETFs and mutual funds may elect to cease participation in the custodian's NTF program. Please see the **Other Client Fees and Expenses** section below for further information on NTF and

transaction fee (TF) fund costs and related expenses. Some mutual funds and custodians impose a short-term redemption fee upon liquidation of a mutual fund position if that particular position was not held for a sufficient amount of time as described and outlined in the individual mutual fund's prospectus. None of LFA, the Adviser, 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 either party by providing written notice to the other party. Upon termination, any prepaid, unearned fees will be refunded to the client within a reasonable amount of time and on a prorated basis, and any unpaid but earned fee will be due and payable to LFA and other parties providing services to the account.

Your account fees are negotiable and will be debited from your account by the program's custodian. If you terminate your participation in a program for which fees are charged in advance, you will be entitled to a pro rata refund of any prepaid quarterly fees based upon the number of days remaining in the quarter after the date upon which the notice of termination is received. Please refer to your client services agreement for additional information regarding the methodology used in calculating your quarterly account fee and applicable reimbursements.

Through its clearing relationship with the custodian, LFA will receive certain revenue related to assets held, transactions, and activity in Program Accounts. Such revenue typically will include all or a portion of any transaction charges assessed to a client or Adviser in which LFA is the introducing broker-dealer of record on the account, asset-based revenue from mutual funds designated by the custodian as NTF mutual funds, revenue from cash balances held in certain money market mutual funds or other liquid investment products designated as "cash sweep" vehicles, and a portion of the networking fees the custodian receives from the mutual fund company. LFA, the custodian, EPS and each of their respective affiliates may share in these fees. The availability of these fees can be used as a factor in negotiating the client's annual account fee and presents a conflict of interest for LFA due to the potential to receive higher compensation for some products and strategies, and due to the potential to receive higher compensation based on the custodian selected. LFA mitigates this conflict by disclosing it to you, crediting back any 12b-1 fees LFA would have otherwise received as the introducing broker-dealer of record to the client account from which it was generated, and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances. The receipt by LFA of these types of asset-based revenue from the clearing and custodial firm arrangements will support and defray the costs LFA has related to the ongoing operational and administrative maintenance of the advisory programs we offer and sponsor to LFA Representatives and clients. As such, advisory program platform fee costs (the LFA Sponsor Fee) incurred by LFA Representatives and clients may differ depending on the program being utilized and the products being recommended and selected for clients. Again, we mitigate this conflict by disclosing it to you, crediting back any 12b-1 fees LFA would have otherwise received as the introducing broker-dealer of record to the client account from which it was generated, and ensuring the compensation and revenue LFA receives related to any assets held, transactions and activity in program accounts is not shared with the LFA Representatives providing investment advisory services and investment recommendations to you and your account.

### **Other Client Fees and Expenses**

In addition to the program fees and transaction charges noted previously, based upon the investments selected, clients may incur certain charges imposed by third parties in connection with the investments made through Program Accounts. These include, but are not limited to, the following: mutual fund or

money market 12b-1 and sub-transfer agency fees, mutual fund networking fees, mutual fund or money market management fees and administrative expenses, certain 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 may receive a portion of these fees and, as such, LFA has a conflict of interest as it is incented to recommend a product or strategy that provides LFA higher compensation. We mitigate this conflict by disclosing it to you, crediting back any 12b-1 fees LFA would have otherwise received as the introducing broker-dealer of record to the client account from which it was generated, not sharing any of these revenues with the Adviser that recommends transactions or strategies and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances. Further information regarding costs and fees charged by a mutual fund, ETF, variable annuity or similar investment vehicle is available in the applicable prospectus.

A client could invest in mutual funds and other investment products directly, without the services of LFA or an Adviser. In that case, the client would not receive the services provided by LFA or the Adviser, which are designed, among other things, to assist the client in determining which mutual funds or other investments are most appropriate given each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the mutual funds and other investment products and the fees charged and services provided by LFA and the Adviser to understand the total amount of fees to be paid by the client and thereby evaluate the services being provided.

Other costs that may be charged to the client, if applicable, and that are not part of the program fee, include retirement account maintenance fees, retirement account termination fees, fees for portfolio transactions executed away from broker, dealer mark-ups, electronic fund and wire transfers, spreads paid to market-makers, dealer mark-ups, exchange fees, and other fees and charges customary to securities brokerage accounts. Transaction fees may apply when certain assets are liquidated prior to EPS or a Sub-Manager commencing investment management services. These direct trading or maintenance costs and fees vary depending on the fund product or security being purchased or sold and are detailed in the LFA Fee and Commission Schedule which is provided to you at account opening and may change over time. The LFA Fee and Commission Schedule can also be found at <http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost>.

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

To the extent that your Premier account invests in mutual funds, the mutual fund could either be a no-transaction fee (NTF) fund or a transaction fee (TF) fund. An NTF fund does not incur a transaction fee or charge for the buying and selling of the fund. The buying or selling of a TF fund will incur a transaction fee or charge. As mentioned above, the internal mutual fund fees and expenses will vary across mutual fund products and share classes including NTF and TF mutual funds as set forth in the applicable fund prospectus for each fund and/or share class. Please consult with your LFA Representative to ensure you know and understand the types of mutual fund products being utilized in your account and their applicable fees and expenses both internal as well as any external commission or transaction charges, if applicable, for trading such funds.

Your account may incur 12b-1 fees from certain mutual fund share classes that you may own through your LFA fee-based investment advisory account (typically accounts that may own load-waived A or non-institutional share class mutual funds, sometimes also referred to as no-transaction fee (NTF) funds). The mutual funds share classes that pay these 12b-1 fees typically have higher internal expenses, but in many cases these mutual fund share classes do not incur transaction fee charges (or commissions) when executing a trade at the clearing firm. These higher internal expenses are assessed to investors who purchase or hold NTF funds. NTF funds may cost you more depending on the frequency of trading, than mutual funds that

assess a transaction charge but have lower internal expenses. Mutual fund 12b-1 fees that LFA would have otherwise received as the broker-dealer of record on the account from the clearing and custodian firms are credited back to the client account that generated the 12b-1 fee payment in the Premier Program. Other mutual fund share classes that may have lower internal expenses and do not pay 12b-1 fees may be available, however, those share classes may incur transaction fees (or commissions) with any purchase or sale. Each share class has eligibility standards, including potentially a minimum investment requirement to purchase such share classes. **Clients should not assume that they are always invested in the share class with the lowest internal expenses or costs. Please contact your LFA Representative for more information about share class eligibility and transaction costs, and please review the applicable mutual fund prospectus for further information related to the fund's expenses.** The transaction and trading costs and fees vary depending on the fund product or security being purchased or sold in your Premier account and are detailed in the LFA Fee and Commission Schedule which is provided to you at account opening and may change over time. The LFA Fee and Commission Schedule can also be found at <http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost>.

If your Premier account is held by Fidelity Brokerage Services LLC as the broker-dealer of record and you are invested 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 LFA Representative receives those fees nor are these 12b-1 fees credited back to your account.

## **Compensation**

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

LFA has a financial incentive to select or recommend a particular custodian based on other compensation that the custodian provides to LFA and its affiliates. For example, under the agreement between LFA and its clearing firm, LFA is entitled to receive certain non-recurring business development credits, which are cash payments intended to reimburse LFA and its affiliates for a portion of the technology, training and development costs associated with transitioning to a new clearing platform. Although the dollar value of the business development credits is significant, these credits are not tied to the amount of investment advisory client assets custodied with the clearing firm or to particular transactions effected on behalf of advisory clients. LFA and its affiliates also receive additional retention payments during the term of the clearing relationship as well as reimbursement for account transfer costs associated with client account transfers into the custodian and clearing firm that represent new assets for the custodian and clearing firm.

These account transfer cost reimbursements may not be offered or available to all new clients transferring their assets to the custodian and clearing firm. This creates a conflict of interest for the LFA Representative because he or she could select which clients receive the transfer cost reimbursement. We attempt to mitigate this conflict by disclosing it to you and also attempting to ensure that any transfer cost reimbursements provided to a client account is directly proportional to the actual costs incurred by the client in transferring his or her account to the custodian and clearing firm. This further ensures that the LFA Representative does not benefit himself or herself at the expense of the client in terms of these transfer cost reimbursements that are made available to clients.

Where LFA is the introducing broker-dealer on Program Accounts, LFA will act as a broker for transactions in Program Accounts and will assess a transaction charge for certain transactions unless transaction costs are included in the asset-based fee. The transaction-based charges assessed by LFA are not shared with the LFA Representative providing services to the Program Accounts. The receipt of transaction charges by LFA is a conflict of interest. We mitigate this conflict by disclosing it to you, disclosing to you the amount of commission and/or trading costs there will be for the products or securities being invested in, not sharing any transaction fee revenue with the LFA Representative that recommends transactions or strategies and

by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances. These transaction and trading costs and fees vary depending on the fund product or security being purchased or sold in your Premier account and are detailed in the LFA Fee and Commission Schedule which is provided to you at account opening and may change over time. The LFA Fee and Commission Schedule can also be found at <http://www.lfg.com/public/lfa-sagemark/myaccounts/overview/cost>.

LFA, as the broker-dealer on such program accounts, has a duty to ensure such transaction charges are reasonable in light of its best execution responsibilities. LFA utilizes National Financial Services, LLC (“NFS”) for several services related to some of the accounts in the Premier program, including clearance and execution services, through a fully-disclosed clearing agreement. The transaction charges assessed by LFA and disclosed in the Fee and Commission Schedule you receive as part of your account opening paperwork are generally higher than the fees that LFA pays to NFS for clearance and execution of transactions. 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. 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 the account, transmission of all orders with respect to the account, supervision of all orders and accounts, including maintaining compliance with fiduciary standards and suitability 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 may offer advisor-directed portfolios as an account where no separate transaction charges apply to the client, and such charges are instead absorbed by the LFA Representative. In cases where the LFA Representative pays the transaction charges, the LFA Representative has an incentive to trade less frequently and/or to use securities that do not incur transaction charges, such as NTF mutual funds, resulting in lower transaction charges to the LFA Representative. We mitigate this conflict by monitoring activity in client accounts and requiring that LFA Representatives document the account reviews they conduct with clients, and other ongoing advice that may not result in transactions in a specific client account. We also offer advisor-directed portfolios with separate advisory fees and transaction charges assessed to the client. In that case, in addition to the fee you pay for investment advice, you will also pay separate per-trade transaction charges. However, the separate per-trade charges do not include sales commissions payable to the LFA Representative.

LFA does not retain 12b-1 fees paid by mutual funds held in Premier accounts and will credit these amounts that LFA would have otherwise received as the broker-dealer of record on the account back to the client account that generated the 12b-1 payment. The receipt of any 12b-1 revenue by LFA in our fee-based programs is not paid to or shared with the LFA Representative. For complete fee details, including account fee schedules and a list of transaction charges, please see your client agreement and supporting documentation that you receive in connection with the program, including the mutual fund prospectuses.

### **Bank Sweep Program**

LFA also makes available cash sweep options for eligible accounts where clients earn interest in a Federal Deposit Insured Corporation (“FDIC”) insured multi bank deposit sweep program (the “Bank Sweep Program”) made available through our custodian and clearing firm NFS. If you elect to participate in the Bank Sweep Program, cash balances will be deposited with participating program banks. You are not required to select this option and can choose any cash sweep option you prefer that is available for your

account. Over any given period, the interest rates on cash balances in the Bank Sweep Program may be lower than the rate of return on other core account investment vehicles which are not FDIC insured or on bank account deposits offered outside the Bank Sweep Program. You can find more specific information about the Bank Sweep Program by reviewing the Bank Deposit Sweep Program Disclosure Document. LFA receives compensation from our custodian and clearing firm on cash balances in the Bank Sweep Program based upon the Federal Funds Target Rate, and the compensation paid to LFA affects the interest credited to your account. The revenues generated by the Bank Sweep Program and paid to LFA may be greater than revenues generated and paid to LFA by other cash sweep options available to you.

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

If you enter into a margin loan or a securities backed line of credit (SBLOC) with a lender for one of your accounts maintained in the Premier Wealth Management program, LFA will receive compensation from the lender based on the total amount of your outstanding loan balance. With margin loans, LFA will receive a percentage of the interest charged by the lender on your outstanding margin loan balance. The amount of interest paid to LFA will vary depending on the outstanding loan balance and other factors and will affect the interest rate charged to you for the margin loan. With an SBLOC, LFA will be compensated by receiving payments from the lender based on the amount of your outstanding loan balance. The total amount of compensation received by LFA may vary depending on each individual SBLOC and will impact the interest rate charged to you by the lender.

Your LFA Representative has an incentive to recommend that you use a margin loan and/or SBLOC for liquidity purposes rather than liquidating your holdings or using other sources of liquidity. Your LFA Representative will 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 potential fees and commissions that could be earned by your LFA Representative from holding or engaging in future transactions with those assets. For example, by encouraging investors to take out a margin loan or an SBLOC to fund some purchase or financial need rather than liquidate securities, the firm and financial advisor will continue to earn fees on the full account value. However, LFA Representative receives no other compensation, fees, or incentives related to your decision to open up a margin loan or an SBLOC or maintain a loan balance through one of the TAMP programs.

### **Compensation for the Sale of Securities**

Financial planning and consulting clients have the option to purchase investment products recommended by LFA and the LFA Representatives through other brokers or agents that are not affiliated with LFA. Generally speaking, and not specific to the programs described in this Brochure, commissions and other compensation for the sale of investment products provide the primary compensation for LFA and many of the LFA Representatives; however, commissions are not charged by LFA or the LFA Representatives in connection with transactions in Premier. LFA generally does not reduce its advisory fees to offset any applicable commissions or transaction costs.

Depending on which product and/or service you purchase, you will receive materials which disclose important information, such as product prospectuses, client agreements, applications, and disclosure brochures. You should read and evaluate this information carefully and contact your LFA Representative with any questions.

LFA has agreements with certain mutual fund companies, insurance companies, broker-dealers, investment advisers, and sponsors and custodians of advisory programs in which they provide compensation and expense reimbursements to LFA in support of the training, education and marketing support required of these products. In addition, LFA may impose certain administrative costs in connection with these programs.



The method, timing and amount of payments vary by program and sponsor, and typically will be paid using one or more methodologies such as: a direct reimbursement of certain expenses; payment of a specified dollar amount to participate in certain conferences; payment of a fee or service charge for a transaction; payment of a fee based on sales volume; or a payment of a percentage of assets under management. Depending on the methodology, these payments may include fees in connection with securities transactions, transaction or account-based administrative or service charges, and may include payments of 12b-1 fees or other asset-based fees from money market funds and other mutual funds. Payments calculated as a percentage of assets under management range from 0% to 0.25%. Administrative charges, if applicable, range from 0.05% to 0.25% of assets under management. LFA also provides a variety of distribution and marketing support services to mutual fund companies. The services provided to companies participating in these arrangements include, but are not limited to: opportunities to provide training and education regarding their funds, advisors and other firm personnel through office visits, educational events or conferences; review, approval and distribution of mutual fund marketing materials to advisors and existing and prospective LFA clients; business planning and other communication and support from home office, field, sales, and specialist personnel; opportunities to provide content for internal communications; and sales related reports and other information and participation in sales campaigns. While these arrangements with each fund family will vary, each fund family may pay up to 0.25% of the gross amount of each sale, and/or up to 0.20% annually of the assets of the fund family held by LFA clients in order to support and share in the distribution and marketing costs incurred by LFA. For example, for a \$10,000 transaction with a participating fund family, LFA may receive up to a one-time \$25 payment, and/or a \$20 annual payment for the period during which the assets remain at the fund family. Certain participating fund families also make additional payments to LFA for attendance at various educational meetings hosted by LFA throughout the year.

In addition to the mutual fund families that have formal distribution and marketing support agreements, other mutual fund families make flat dollar payments to LFA from time to time. These payments are not made as part of any formalized sales-based or asset-based agreement, but rather for specific activities including, but not limited to, exhibit booth space or presentation opportunities at LFA meetings.

Certain sponsors of these programs may also directly pay for certain educational and training costs of LFA Representatives and send their employees to meetings to provide education and training on these programs. LFA has a conflict of interest to recommend products, services, and strategies on which it receives higher compensation. We mitigate this conflict by disclosing it to you, not sharing any of these revenues with the LFA Representative that recommends transactions or strategies, and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances. The advisory services sponsors and other companies that provide payment to LFA as described above can be found on LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com).

LFA has agreements with custodians of advisory programs 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. Under such agreements, LFA receives compensation from the custodians for its performance of such services, including payments based on assets held in the custodians' NTF mutual fund programs. Under the custodians' NTF mutual fund programs, participating mutual fund sponsors pay a fee to the custodians to participate in the programs. A portion of those fees are shared with LFA. Such payments vary by custodian and may be up to 0.25% of

assets held in NTF mutual funds. The receipt by LFA of these types of asset-based revenue from the clearing and custodial firm arrangements will support and defray the costs LFA has related to the ongoing maintenance of the advisory programs we offer and sponsor to LFA Representatives and clients. As such, advisory program LFA Sponsor Fee costs incurred by LFA Representatives and clients may differ depending on the program being utilized and the products being recommended and selected for clients. Again, we mitigate this conflict by disclosing it to you, ensuring the compensation and revenue LFA receives related to any assets held, transactions and activity in program accounts is not shared with the LFA Representatives providing investment advisory services and investment recommendations to you and your account.

Because LFA receives fees based upon the amount of client assets held in the custodians' NTF mutual fund programs, LFA has a conflict of interest and is incented to recommend the custodians' NTF mutual funds over other investments to receive these custodial service payments. LFA may also receive all or a portion of any transaction fees charged to clients or LFA Representatives, a portion of any custodial fees charged to qualified plans and IRAs, compensation for any mutual fund positions held at the custodian, and other types of compensation from the custodian related to assets held or transactions placed through that custodian. LFA also has a conflict of interest due to the financial incentive to recommend a particular custodian based on the amount or level of NTF custodial service payments and other compensation that custodian provides. We mitigate these conflicts by disclosing them to you, not sharing any of these revenues with the LFA Representative that recommends transactions or strategies and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

LFA, the LFA Representatives, and clients also receive the benefit of certain services provided by program sponsors and custodians. These services may 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 may involve additional charges to LFA, the LFA Representatives, or to clients, while others are packaged and available as part of an investment advisory program without itemization of the cost of each product or service.

Further, LFA has relationships with both affiliated and non-affiliated companies that may provide additional revenue and marketing support to LFA as well as education and training to LFA Representatives for the sale of various mutual fund, annuity, life insurance and alternative investment products. This revenue and marketing support received by LFA is not paid to or shared with any LFA Representative. For current information regarding specific revenue and marketing support, including a list of product sponsors, please go to LFA's website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com).

### **LFA Representative Compensation**

Some LFA Representatives receive additional compensation and/or incentive awards for reaching certain levels of assets under management in the investment advisory programs or for generating a certain amount of revenue (in fees, commissions, or a combination of both) within a certain period. The client will not be charged any additional fees due to these circumstances. However, the receipt of additional compensation presents a conflict of interest that may affect the judgment of the LFA Representative. We mitigate this conflict by disclosing it to you and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

Most LFA Representatives are registered representatives of LFA in its capacity as a broker-dealer, and generally are licensed agents of LNL. In most cases, the LFA Representative can recommend products

that are managed and/or sold by Lincoln Financial Group companies provided that the recommendations are suitable given the client's investment objectives and other pertinent factors. When such recommendations are made, the LFA Representative receives compensation on these product recommendations and sales. Lincoln Financial Group companies will profit from any sales of Lincoln Financial Group products to clients of LFA. This presents a conflict of interest and gives LFA and the LFA Representatives an incentive to recommend investment products based on the compensation received, rather than on a client's needs. We mitigate this conflict by disclosing it to you and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

Lincoln Financial Group companies will profit from any sales of Lincoln Financial Group products to clients of LFA. LFA Representatives may be compensated by LFA and/or the product manufacturer via commissions, asset-based fees, and/or other compensation which is built into the costs and charges of the product. This presents a conflict of interest as LFA and the LFA Representatives have an incentive to recommend products on which they receive higher compensation. This presents a conflict of interest and gives LFA and the LFA Representatives an incentive to recommend investment products based on the compensation received, rather than on a client's needs. We mitigate this conflict by disclosing it to you and by requiring that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

In some cases, LFA Representatives receive more compensation when placing Lincoln Financial Group manufactured products and qualify for additional compensation based on the volume of those sales over time. LFA Representatives are also eligible for additional compensation and/or other incentives based on factors such as sales volume of certain Lincoln Financial Group products, the length of time that clients keep assets in the products, and/or the profitability of the products. LFA Representatives may also receive compensation based on the sales of Lincoln Financial Group products by other representatives. Many LFA Representatives 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 will also benefit financially from the sale of Lincoln Financial Group life insurance, annuity, mutual fund and asset management products offered by LFA Representatives. These instances present conflicts of interest as these situations create a financial incentive for LFA Representatives to recommend products with higher compensation. We mitigate this conflict by disclosing it to you and by requiring that there be a review of your account at account-opening to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

Because of the way products are priced and marketed, in certain circumstances, LFA Representatives may receive higher compensation for the sales of products offered by companies not affiliated with Lincoln Financial Group.

Some new experienced Advisers moving their practices to LFA have received loans based on future sales of products and services offered by LFA, including both Lincoln Financial Group and non-Lincoln Financial Group products and services. In the past, some loans were offered based on Lincoln Financial Group products alone. Depending on the arrangement between LFA and the Adviser, the repayment of certain of these loans may be fully or partly waived based on reaching certain sales levels or revenues generated by the LFA Representative or the LFA Representative's time spent affiliated with LFA or may be funded by additional compensation for these sales. This arrangement creates a conflict of interest for the LFA Representative in that he or she has an additional financial incentive to achieve specified levels of sales or revenue generation, which could impact the recommendations made to customers. In mid-2017, LFA revised the production-based forgivable loan program with new required controls and policies in place. These controls attempt to ensure that the loan amount provided to an advisor is not disproportionate to the advisor's overall production and compensation amounts earned historically and the amount that may be

forgiven in any one year of the term of the loan is also capped unless an exception is granted. This structure and approach attempt to avoid unduly influencing an advisor 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.

The potential conflicts of interest arising from the LFA Representative compensation arrangements described above are mitigated by the fact that LFA, LNL and their affiliated companies have suitability requirements and fiduciary obligations in certain circumstances, such as when LFA and the LFA Representatives are acting in an investment advisory capacity, as well as regulatory and compliance rules and procedures which must be followed. In addition, LFA maintains a supervisory system that includes conducting periodic supervisory and compliance inspections and audits. In most instances, LFA Representatives may only recommend products offered through LFA where LFA has a selling agreement with the product sponsors. This limitation may not apply in all cases to certain “no-load” mutual funds, ETFs, other securities and non-registered insurance and annuity products.

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

### **Account Requirements**

The minimum investment amount varies by the investment strategy selected, and further by the Sub-Manager or Strategist selected by the client. Generally, the investment minimums are as follows:

Premier Separately Managed Accounts Program – \$100,000 for each Sub-Manager selected

Premier Manager (Mutual Fund) Program – \$50,000

Premier Strategist Program – \$10,000 - \$50,000 for each Strategist selected

### **Types of Clients**

LFA generally manages Wrap Fee Program accounts for the following client types:

- Individuals
- High net worth individuals
- Pension and profit sharing plans
- Charitable organizations
- Corporations and other businesses
- State or municipal government entities.

Actual minimum investment amounts for any investment strategy, Sub-Manager or Strategist can be higher or lower than listed above. The minimum investment requirements may be negotiable at the discretion of LFA, EPS and any Sub-Manager or Strategist, as applicable.

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

### **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. This information may include: 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 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 the Sub-Managers and recommend their addition or removal from the programs.

The client ultimately determines the portfolio manager for his or her account in the Premier program (the “Program Account”), whether electing the Adviser, EPS, or one or more Sub-Managers to manage the 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, and whether the prior performance includes any hypothetical or back tested performance information.

LFA’s review and selection of service providers for Premier is based on their 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 will offer various investment strategies for consideration by a client based on the client’s needs and objectives, investment time horizon, risk tolerance 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 will propose an overall strategy that includes asset allocation and investment portfolio recommendations for the asset classes. A client may elect one or more strategies offered by EPS that is most aligned with the client’s objectives and risk tolerance

### ***Tax Management Services***

You can request that certain tax management services be applied to your account. By requesting tax management services, you are requesting that the investment manager 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. Please note that the tax management services bear an additional asset-based fee. The application of tax management services may lead the investment manager to take actions in your account that differ from the actions taken in other clients’ accounts where tax management services have not been selected. The selection of tax management services may limit the universe of investment managers available for you to select and may cause a divergence in performance from what the investment manager would produce absent any restrictions due to tax considerations.

### ***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. This is often referred to as “Impact Investing”, “Socially Responsible Investing”, or “Environmental, Social and Governance Investing”. While there generally is no additional charge for applying this type of restriction to your account, the application of

such restrictions may cause a divergence in performance from what the investment manager would produce absent any industry or security restrictions.

### **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, over-the-counter and foreign securities, ETFs, warrants, fixed income securities, options, life insurance and annuity contracts, corporate debt, municipal securities, U.S. Treasury and government agency bonds, unit investment trusts, commercial paper, CDs, and mutual fund shares. Certain mutual funds, annuity and insurance products, and other managed investment products, including money market funds, may be managed or distributed by an affiliate of LFA.

### ***Premier Separately Managed Accounts Program***

For the Premier Separately Managed Accounts Program, the client has access to the investment management services of Sub-Managers and their different investment styles, including equity, balanced and fixed income, among others. EPS and the Adviser 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 will offer various investment strategies for consideration by a client based on the client's needs and objectives, investment time horizon, risk tolerance 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 will propose an overall strategy that includes asset allocation and investment portfolio recommendations for the asset classes. A client may elect one or more strategies offered by EPS that is most aligned with the client's objectives and risk tolerance. For more information on EPS's investment management services, please see EPS's Form ADV, Part 2A.

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

For the Premier 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 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 will offer various investment strategies for consideration by a client based on the client's needs and objectives, investment time horizon, risk tolerance 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 will propose an overall strategy that includes asset allocation and investment portfolio recommendations for the asset classes. A client may elect one or more strategies offered by EPS that is most aligned with the client's objectives and risk tolerance. For more

information on EPS's investment management services, please see EPS's Form ADV, Part 2A.

### ***Premier Strategist Program***

For 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 Strategist(s) selected by the client. Each Strategist shall be retained by EPS pursuant to an agreement with each Strategist for portfolio management services on terms and in the manner that EPS deems appropriate. For each 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 Strategist. In such cases, the Strategist is acting in the role of a Model Provider.

EPS or an affiliate of EPS may serve as the 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 a 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 a Strategist, EPS does not receive compensation for the portion of assets that are invested in the PMC Funds.

EPS will offer various investment strategies for consideration by a client based on the client's needs and objectives, investment time horizon, risk tolerance 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 will propose an overall strategy that includes asset allocation and investment portfolio recommendations for the asset classes. A client may elect one or more strategies offered by EPS that is most aligned with the client's objectives and risk tolerance. For more information on EPS's investment management services, please see EPS's Form ADV, Part 2A.

### **Investment Strategies**

Many mutual funds offer multiple share classes available for investment based upon certain eligibility and/or purchase 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), some mutual funds offer institutional share classes or other share classes that are specifically designed for purchase in an account enrolled in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in an investment advisory program usually have lower expense ratios than other shares classes. However, these share classes may also have higher transaction costs and may have minimum purchase criteria that limit availability to larger transactions. **Clients should not assume that their assets will be invested in the share class with the lowest possible expense ratio. Your LFA Representative may recommend, select, or continue to hold a fund share class that charges higher internal expenses than other available share classes for the same fund.**

Your LFA Representative'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 mutual funds; the asset based advisory fee charged to the client; the overall cost structure of the advisory program including the LFA Sponsor fees; 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, will vary among LFA Representatives. The transaction costs and advisory program cost structure is determined

by the custodian and LFA, respectively, and is determined based on factors such as the availability of cost sharing, distribution fees, shareholder servicing fees or other compensation associated with offering a particular class of shares. For some accounts, the Premier LFA Sponsor fees, which include charges related to administering the Premier program, vary depending on the products and share classes held in the account.

In selecting or recommending particular mutual fund share classes, LFA Representatives may (but are not required to) consider the overall profitability of the account or client relationship, including the compensation available to the LFA Representative and the expenses associated with providing ongoing advice and service to the client, including the LFA Sponsor fees associated with the Premier program. This creates a conflict of interest for the LFA Representative as he or she has an incentive to recommend certain products and share classes that lead to lower platform costs. 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 the clients are invested. Clients that are invested in institutional share classes may have higher advisory fees and may be assessed higher transaction charges for the purchase and sale of mutual funds. Similarly, clients that are invested in retail share classes may be charged lower advisory fees, have lower transaction charges, and may 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 may be invested in share classes with higher internal expenses but lower or no transaction-based charges (such as NTF funds). The higher internal expenses charged to clients who hold NTF funds, will adversely affect the performance of their account when compared to funds that assess lower internal expenses. Please contact your LFA Representative for more information about share class eligibility and transaction costs.

### **Investment Discretion**

Clients that participate in the Premier programs will grant full discretionary investment authority to EPS as further described in the client services agreement. EPS generally will limit the exercise of this authority to the following circumstances:

- For the Premier Separately Managed Accounts 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; and to liquidate sufficient assets to pay the program fee when necessary and advisable. 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. However, there may be other situations in which EPS will fully use investment discretion, such as to liquidate a position.
- For the Premier Mutual Fund Program and Premier Strategist Program, EPS generally will use this grant of discretion to invest in, hold and sell shares in various mutual funds and/or ETFs; 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 and Adviser is found in the applicable client agreement and supporting documentation that a client receives in connection with the Premier program.

### **Risk of Loss**

Investments made, and the actions taken, for client accounts will be subject to various market, liquidity,



currency, economic and political risks, among others, and will not necessarily be profitable. Investing in securities involves risk of loss that clients should be prepared to bear. Clients should understand that all investments involve 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. In addition, certain LFA Representatives have greater latitude in selecting securities and diversification for a client's account. As such, the performance of accounts managed by different LFA Representatives may vary greatly. Past performance is not a guarantee of future results.

In addition to the risks listed above, there may be material risks associated with the types of products in which your account invests, including mutual funds and ETFs. Clients should refer to the prospectus or other applicable offering documents of those particular products for a discussion of applicable risk factors for that particular investment.

### **Voting Client Securities**

For the Premier Separately Managed Accounts Program, 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 security holder 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.

For the Premier Mutual Fund Program and Premier Strategist Program, the client shall be responsible for voting or otherwise acting on all matters for which a security holder 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 LFA Representative.

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

Once the client selects an Adviser and enters into an advisory relationship, the Adviser will request information from the client regarding the client's financial background, investment experience, investment objectives, and risk tolerance, among other things, in determining the suitability and appropriateness of Premier for the client.

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

A client should promptly contact their Adviser any time the client's financial situation or investment objectives change, or if any of the information previously provided to the Adviser has materially changed. The Adviser can then determine whether the account and its investments remain appropriate, or if any changes should be recommended.

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

Once an advisory relationship is established, there are no restrictions on a client's ability to contact LFA or the Adviser. Under certain circumstances, the client may request direct contact with EPS, as a Sub-Manager or a Strategist. However, these consultations occur at the sole discretion of EPS, or the applicable Sub-Manager or Strategist.

## **Item 9: Additional Information**

### **Disciplinary Information**

LFA is a registered broker-dealer and investment adviser. This section contains information about certain disciplinary matters that LFA believes are material to a client's evaluation of its advisory business or the integrity of its management. LFA has also been subject to disciplinary events relating to its brokerage business which LFA does not view as material to a client's evaluation of its advisory business or the integrity of its management. Additional disciplinary information regarding LFA's brokerage business can be found in Part 1 of LFA's Form ADV.

- On February 16, 2011, the Financial Industry Regulatory Authority ("FINRA") notified LFA of its acceptance of a Letter of Acceptance, Waiver and Consent (the "AWC") signed and submitted to FINRA by LFA on December 21, 2010. The AWC noted that between 2007 and 2009 LFA failed to adequately protect customer records and information in the firm's client portfolio management system and allowed certain employees to access its web-based customer account system by using shared log-on credentials without establishing adequate procedures and without controlling or monitoring who had access to the common log-on credentials. As a result of the foregoing, LFA violated Rule 30 of Regulation S-P, NASD Rules 3010 and 2110 and FINRA Rule 2010. LFA was censured and fined \$150,000, and the fine was paid in full on February 23, 2011.

### **Other Financial Industry Activities and Affiliations**

LFA is a registered broker-dealer and its investment adviser representatives are also generally registered representatives of LFA.

In addition to LFA's registration as an Investment Advisor, LFA is also registered as a broker-dealer selling investment products and services, including stocks, bonds, mutual funds, annuities, insurance products and options. LFA and its executive officers spend the majority of their time with these business activities. Some of LFA's executive officers are also officers of The Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York. 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 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 Financial Investment Services Corporation (broker-dealer)
- 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, LLC (insurance agency)
- Lincoln Financial Group Trust Company, LLC (trust company)
- Lincoln Investment Management Company (investment adviser)
- Westfield Assigned Benefits Company (insurance agency)
- Liberty Life Assurance Company of Boston

Conflicts of interest are created by financial incentives and/or compensation arrangements between LFA and its affiliates. These conflicts of interest and the steps taken by LFA to address them are described above in the section on “Fees and Compensation.”

LFA may recommend or select other investment advisers for clients and receive compensation directly or indirectly from those advisers. This creates a conflict of interest in that LFA and the LFA Representatives have a financial incentive to recommend advisers based on compensation paid. These conflicts of interest and the steps taken by LFA to address them are described above in the section on “Fees and Compensation.”

LFA and your LFA Representative may earn more compensation if you invest in a program described in this Brochure than if you open a brokerage account to buy individual securities or mutual funds. 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. For additional information regarding services and fees associated with brokerage and fee-based accounts, please refer to the ‘*Guide to Understanding Your Brokerage and Advisory Relationships*,’ which can be accessed in the “Brochures” section of our website at [www.lfa-sagemark.com](http://www.lfa-sagemark.com) or <https://www.lfg.com/public/individual/adv>. To request a copy of the *Guide*, please contact your LFA Representative or LFA directly at (800) 237-3813 or email us at [lfaria@lfg.com](mailto:lfaria@lfg.com). Therefore, LFA Representatives and LFA may have a financial incentive to recommend one of these programs described in this Brochure. The decision to invest in an advisory program is solely that of the client. Clients are provided a full description of the services and relevant fees provided under each advisory program. We also require that there be a review of your account at account-opening and periodically to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

### **Code of Ethics**

LFA has adopted an Investment Adviser Code of Ethics (the “Code”), and all LFA Representatives and “access persons” (as defined under the Investment Advisers Act of 1940) 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 on request. If you would like a copy of LFA's Investment Adviser Code of Ethics, please call (800) 237-3813, extension 3056, or send an email request to [lfaria@lfg.com](mailto:lfaria@lfg.com).

### **Securities in which LFA has a Financial Interest**

LFA may engage 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 may buy or sell 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 LFA Representatives and other associated persons may buy or sell securities identical to those recommended to clients for their personal accounts. Moreover, the LFA Representatives can recommend buying and selling securities for their own accounts or for the accounts of other clients which differ from advice given or actions taken in providing advisory services to the Program Account. 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 LFA Representatives have an incentive to put their own interests ahead of clients. Personal securities transactions by LFA Representatives are recorded and monitored by LFA. LFA procedures also prohibit LFA orders and orders for the benefit of LFA Representatives 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 LFA Representatives are responsible for order entry. Where a conflict of interest exists, this is disclosed to the client in the client services agreement or the disclosure documents for that program.

### **Review of Accounts**

For Premier programs managed by EPS, client accounts, portfolio transactions and securities holdings are reviewed on a continuing basis by EPS. These accounts are reviewed periodically by the Adviser and LFA although more frequent reviews may be completed based on significant market or economic developments, a change in a client's investment objectives or financial circumstances, or at the client's request. LFA Representatives usually receive quarterly reports of client accounts. These reports are reviewed periodically by LFA and/or the LFA Representative and are reviewed with the client during annual reviews or as part of other meetings or discussions between the LFA Representative and the client. Clients receive 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 from the Premier program vendor selected by LFA. Transaction confirmations and tax reports are provided by the custodian.

### **Client Referrals and Other Compensation**

For a description of the economic benefits received by LFA and the LFA Representatives from entities who

are not clients, as well as conflicts of interest created by those benefits and how they are addressed, please see Item 4, titled “Services, Fees and Compensation” above.

### **Solicitor Relationships**

Clients are obtained primarily through the efforts of LFA’s Representatives. At times, a third-party (solicitor) may refer a client to LFA. Pursuant to Rule 206(4)-3 under the Advisers Act, LFA may pay a referral fee to unaffiliated third parties as compensation for such referral. Rule 206(4)-3 under the Advisers Act requires that LFA document this arrangement pursuant to a written agreement between the parties. In addition, the agreement requires that the solicitor deliver to each solicited client a copy of LFA’s Form ADV, Part 2A, as well as a separate disclosure letter that describes the relationship between LFA and the solicitor, and the compensation that the solicitor is being paid to refer the client to LFA. The fee that is paid to the solicitor is generally a stated percentage of the annual advisory fee that the client pays to LFA. The amount of the solicitor fee varies based on different factors, such as the types of services performed by the solicitor. Any advisory fees paid by a client are agreed to by the client and the investment adviser and fully disclosed in the related account opening paperwork, client agreement and related disclosures regardless of any solicitation fees that may be paid by a third-party investment adviser (solicitor) to LFA.

### **Other Compensation**

LFA’s and EPS’s representatives receive economic benefits from third parties in a number of ways. Many of those are addressed in Item 4, Services, Fees and Compensation, above.

If a client needs certain types of products or services that are not offered by LFA, LFA may refer the client to various third-party entities that provide these products or services. LFA may be paid referral fees by these third parties depending on the arrangement between LFA and the third party. Examples of these types of products and/or services may include business valuation, foundation formation, tax strategies, and other services.

### **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.** We share your personal information with third parties as necessary to provide you with the products or services you request and to administer your business with us. 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. This Notice explains our information sharing arrangement and provides information on how to contact us if you have questions regarding our privacy practices.

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## Information We May Collect And Use

We collect personal information about you to help us identify you as our customer or our former customer; to process your requests and transactions; to offer investment or insurance services to you; to pay your claim; to analyze in order to enhance our products and services; or to tell you about our products or services we believe you may want and use. The type of personal information we collect depends 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.
- **Information about your transactions:** We keep information about your transactions with us, such as the products you buy from us; the amount you paid for those products; your account balances; and your payment history.
- **Information from outside our family of companies:** If you are 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 purchases group products from us, we may obtain information about you from your employer 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 as allowed by law. They use this information to process transactions you have requested; provide customer service; to analyze in order to enhance our products and services; and 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, registered representatives; 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.

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, 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 share your information with outside marketers who may want to offer you their own products and services; nor do we share 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 provide you with products, services, or to maintain your accounts. Employees who have access to your personal information are required to keep it confidential. Employees are trained on the importance of data privacy.

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## Your Rights Regarding Your Personal Information

**Access:** We want to make sure we have accurate information about you. Upon written request we will tell you, within 30 business days, what personal information we have about you. You may see a copy of your personal information in person or receive a copy by mail, whichever you prefer. We will share with you who provided the information. In some cases we may provide your medical information to your personal physician. We will not provide you with information we have collected in connection with, or in anticipation of, a claim or legal proceeding. If you request a copy of the information, we may charge you a fee for copying and mailing costs. In very limited circumstances, your request may be denied. You may then request that the denial be reviewed.

**Accuracy of Information:** If you feel the personal information we have about you is inaccurate or incomplete, you may ask us to amend 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. 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 the information within the prior two years. We will also send the updated information to any insurance support organization that gave us the information, and any service provider that received the information within the prior 7 years. If your requested change is denied, we will provide you with reasons for the denial. You may write to request the denial be reviewed. A copy of your request will be kept on file with your personal information so anyone reviewing your information in the future will be aware of your request.

**Accounting of Disclosures:** If applicable, you may request an accounting of disclosures made of your medical information, except for disclosures:

- For purposes of payment activities or company operations;
- To the individual who is the subject of the personal information or to that individual's personal representative;
- To persons involved in your health care;
- For notification for disaster relief purposes;
- For national security or intelligence purposes;
- To law enforcement officials or correctional institutions; or
- For which an authorization is required.

You may request an accounting of disclosures for a time period of less than two years from the date of your request. 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.

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## When Registered Representatives Leave Lincoln Financial Network

We understand that the relationship you have with your registered representative is important to you. If your registered representative's affiliation with Lincoln Financial Network ends and he or she chooses to move to a different broker-dealer, or if your registered representative's relationship with LFN is terminated, your LFN registered representative may be allowed to take with him or her 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 registered representative is able to continue the relationship with you and service your account through his or her new firm. LFN will also retain copies of your client and account documentation. You do not need to take action if it is your choice to allow your LFN registered representative to keep copies of your confidential information should he or she leave our firm.

If you do not want your registered representative to keep copies of your confidential information should he or she decide to end the relationship with Lincoln Financial Network 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; at any time in the future; or wish to withdraw your opt out request, contact us by phone at 800-248-2285. If it is your choice to opt out there will be a 30-day period before your opt out will take effect.

If you have questions about your personal information we have on file, your request should be directed to:

Lincoln Financial Network  
Attn: Enterprise Compliance and Ethics  
1300 S. Clinton St.  
Fort Wayne, IN 46802

**Please include all account numbers you maintain with LFN with your correspondence.**

\* Lincoln adheres to all applicable state and federal privacy regulations. Residents of Arizona, California, Georgia, Maine, Massachusetts, Minnesota, Montana, Nevada, New Jersey, North Carolina, Ohio, Oregon, Vermont, and Virginia will be provided an opportunity to opt in for information sharing per applicable state law

\*\*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